

# Rebalancing Report

## iStoxx Europe Minimum Variance Index NR

### 18-Apr-2016

Ossiam Research & Investment Team\*

The iStoxx Europe 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 iStoxx Europe Minimum Variance Index NR and the benchmark Stoxx Europe 600 Index NR are computed in EUR. The calculations in the document are performed by Ossiam using Stoxx/Datastream source.

## 1 Stock Statistics

iStoxx Europe Minimum Variance Index NR	18-Apr-2016
Number of Stocks	90
Added Stocks	9
Deleted Stocks	7
Core Number	81
Old weight of Core	97.23%
New weight of Core	95.20%
Turnover	26.42%
Historical Turnover	36.05%

Table 1: Added and deleted stocks are relative to 15-Apr-2016.

The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

The number of constituents in the index increased from **88** to **90**.

The Turnover is **26.42%**, lower than its historical mean at **36.05%**.

The weight of the Index Core Portfolio decreased from **97.23%** to **95.20%**.

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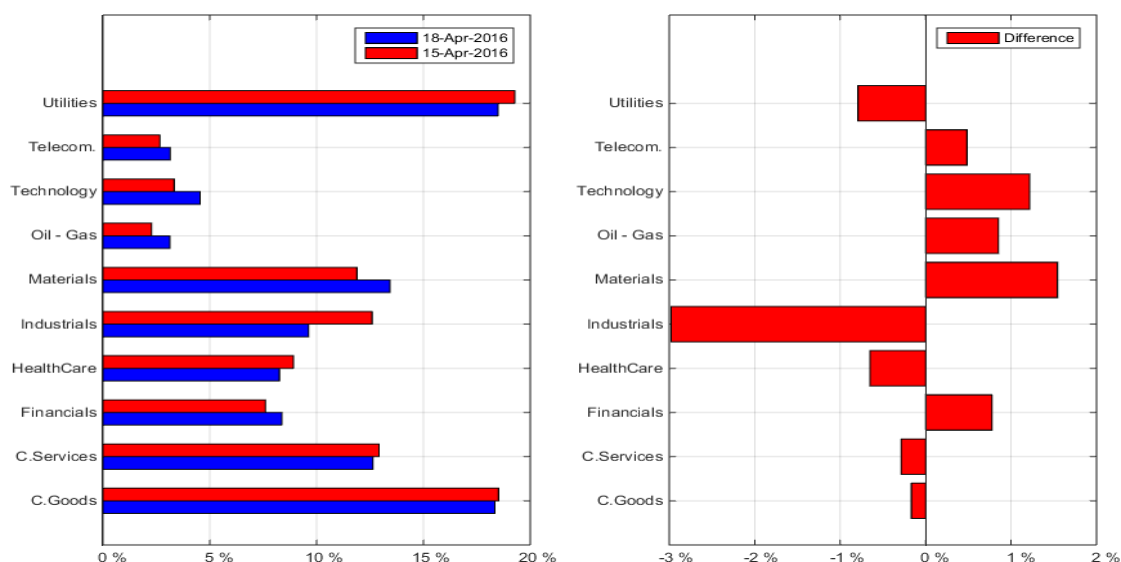
## 2 Sector Allocation

The most significant changes in sector exposures are: **-2.98%** for Industrials, **1.54%** for Materials, **1.22%** for Technology.

The biggest sector exposures are: **18.49%** for Utilities, **18.35%** for C.Goods, **13.43%** for Materials.

	Close 15-Apr-2016	Opening 18-Apr-2016	Difference
C.Goods	18.52%	18.35%	-0.17%
C.Services	12.92%	12.64%	-0.29%
Financials	7.60%	8.38%	0.78%
HealthCare	8.91%	8.26%	-0.65%
Industrials	12.60%	9.62%	-2.98%
Materials	11.89%	13.43%	1.54%
Oil - Gas	2.28%	3.13%	0.85%
Technology	3.34%	4.55%	1.22%
Telecom.	2.67%	3.15%	0.48%
Utilities	19.28%	18.49%	-0.79%

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 15-Apr-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 18-Apr-2016.



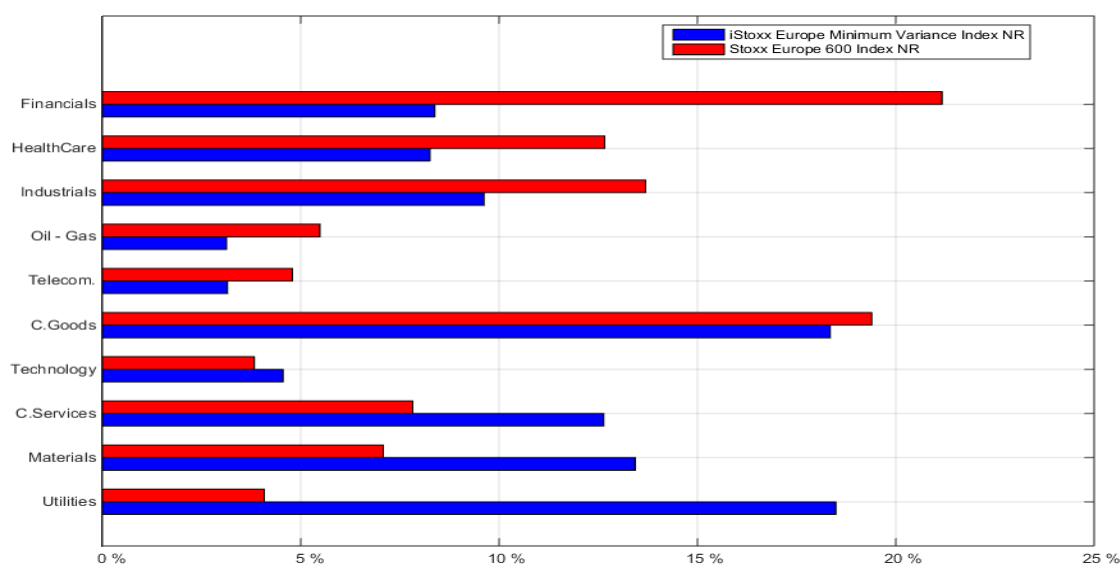
### 3 Sector breakdown vs. benchmark

The table below shows, for each sector, the weight in the iStoxx Europe Minimum Variance Index NR (ISEMVT Index), in the benchmark Stoxx Europe 600 Index NR (SXXR Index) and their difference. We also show the annualized volatility of each sector in the iStoxx Europe Minimum Variance Index NR (VolMV) and in the benchmark (VolBench). Annualized volatilities are computed using 125 business days ending on 12-Apr-2016

	SXXR Index	ISEMVT Index	Difference	VolMV	VolBench
C.Goods	19.40%	18.35%	-1.05%	15.30%	19.53%
C.Services	7.82%	12.64%	4.82%	18.37%	20.59%
Financials	21.17%	8.38%	-12.79%	18.56%	26.71%
HealthCare	12.66%	8.26%	-4.40%	19.06%	21.05%
Industrials	13.70%	9.62%	-4.07%	17.60%	21.58%
Materials	7.08%	13.43%	6.35%	18.29%	27.48%
Oil - Gas	5.48%	3.13%	-2.35%	23.45%	33.17%
Technology	3.83%	4.55%	0.73%	22.91%	21.91%
Telecom.	4.79%	3.15%	-1.64%	19.86%	24.17%
Utilities	4.08%	18.49%	14.41%	15.82%	19.75%

The iStoxx Europe Minimum Variance Index NR overweights Utilities (**14.41%**) and Materials ( **6.35%**) compared to Stoxx Europe 600 Index NR.

The iStoxx Europe Minimum Variance Index NR underweights Financials (**-12.79%**) and HealthCare (**-4.40%**) compared to Stoxx Europe 600 Index NR.



## 4 Country Allocation

The most significant changes in country exposures are: **2.94%** for NETHERLANDS, **-1.58%** for FRANCE, **0.80%** for GERMANY.

The biggest country exposures are: **24.37%** for SWITZERLAND, **16.67%** for UK, **14.27%** for SPAIN.

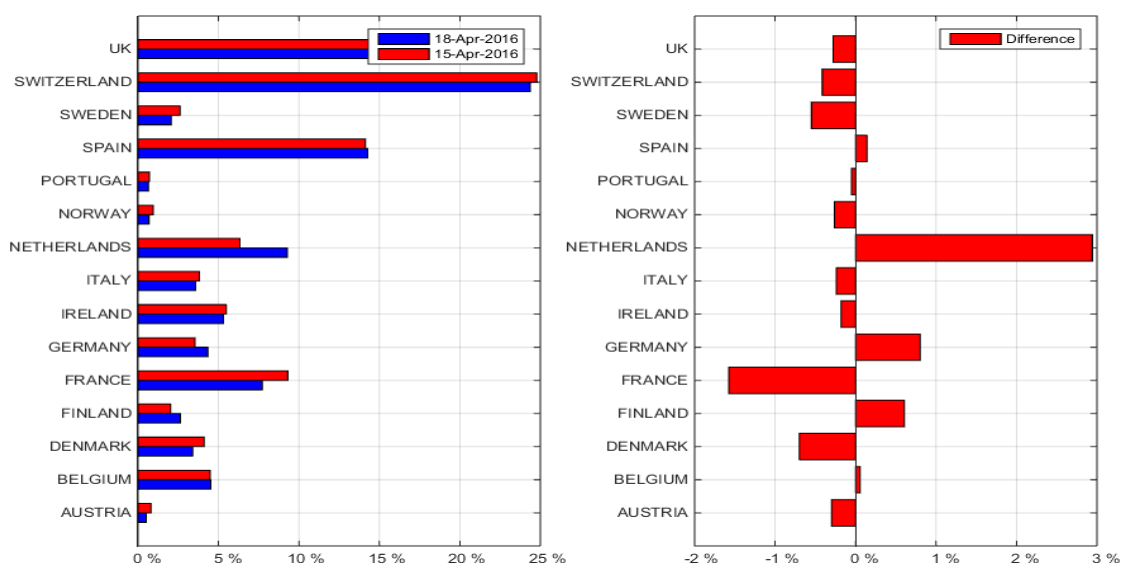
	Close 15-Apr-2016	Opening 18-Apr-2016	Difference
AUSTRIA	0.81%	0.51%	-0.30%
BELGIUM	4.47%	4.53%	0.06%
DENMARK	4.10%	3.40%	-0.70%
FINLAND	2.02%	2.63%	0.61%
FRANCE	9.31%	7.73%	-1.58%
GERMANY	3.53%	4.34%	0.80%
IRELAND	5.49%	5.31%	-0.18%
ITALY	3.82%	3.58%	-0.24%
NETHERLANDS	6.33%	9.28%	2.94%
NORWAY	0.94%	0.68%	-0.26%
PORTUGAL	0.70%	0.65%	-0.05%
SPAIN	14.13%	14.27%	0.14%
SWEDEN	2.61%	2.06%	-0.55%
SWITZERLAND	24.79%	24.37%	-0.41%
UK	16.95%	16.67%	-0.28%

The left-hand side of the chart below shows the country deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 15-Apr-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 18-Apr-2016.

## 5 Country breakdown vs. benchmark

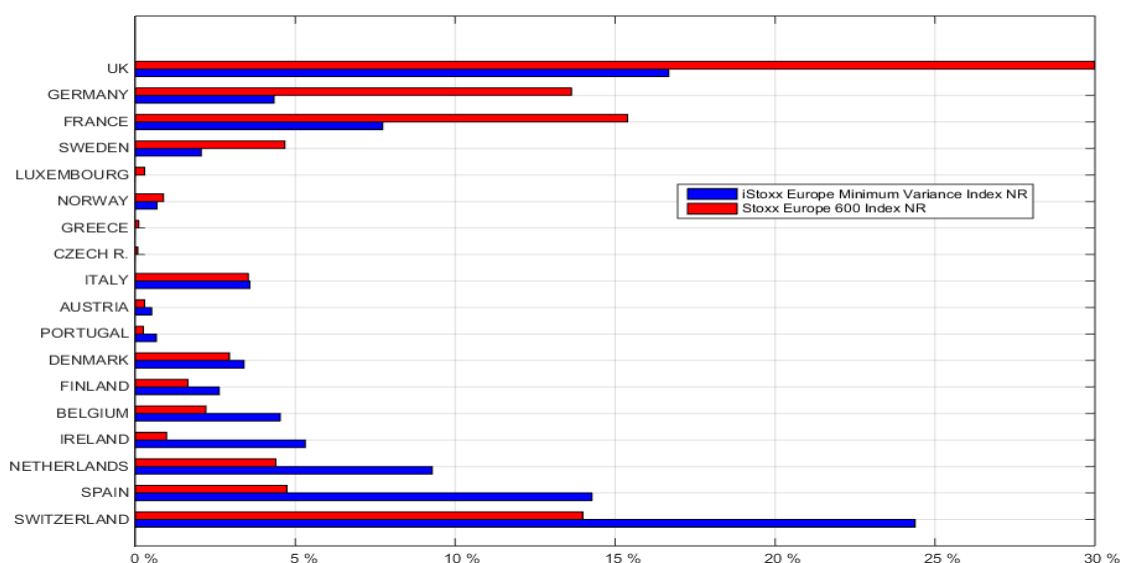
The table below shows, for each country, the weight in the iStoxx Europe Minimum Variance Index NR (ISEMVT Index), in the benchmark Stoxx Europe 600 Index NR (SXXR Index) and their difference. We also show the annualized volatility of each country in the iStoxx Europe Minimum Variance Index NR (VolMV) and in the benchmark (VolBench). Annualized volatilities are computed using 125 business days ending on 12-Apr-2016

The iStoxx Europe Minimum Variance Index NR overweights SWITZERLAND (**10.38%**) and SPAIN ( **9.54%**) compared to Stoxx Europe 600 Index NR.



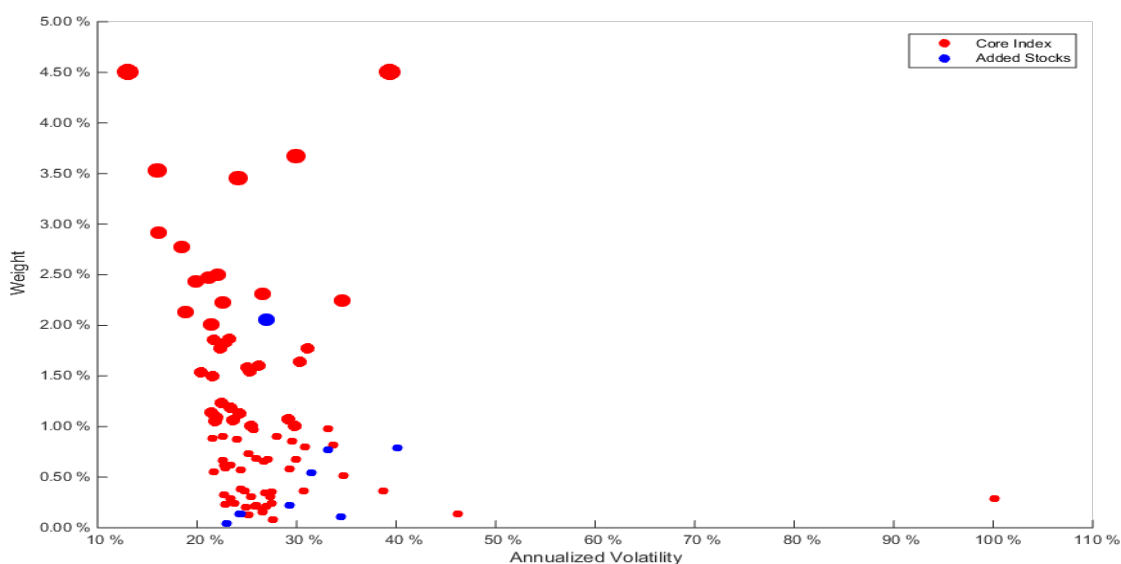
	SXXR Index	ISEMT Index	Difference	VolMV	VolBench
AUSTRIA	0.29%	0.51%	0.22%	34.66%	26.79%
BELGIUM	2.21%	4.53%	2.32%	19.38%	20.84%
CZECH R.	0.07%	-	-0.07%	-	21.22%
DENMARK	2.94%	3.40%	0.46%	22.90%	24.49%
FINLAND	1.65%	2.63%	0.98%	24.73%	22.55%
FRANCE	15.39%	7.73%	-7.66%	19.14%	22.86%
GERMANY	13.64%	4.34%	-9.30%	20.27%	23.68%
GREECE	0.11%	-	-0.11%	-	81.79%
IRELAND	0.97%	5.31%	4.34%	25.07%	20.93%
ITALY	3.53%	3.58%	0.05%	19.69%	30.69%
LUXEMBOURG	0.29%	-	-0.29%	-	40.36%
NETHERLANDS	4.39%	9.28%	4.88%	18.55%	21.43%
NORWAY	0.88%	0.68%	-0.20%	29.88%	31.02%
PORTUGAL	0.25%	0.65%	0.40%	26.65%	25.53%
SPAIN	4.74%	14.27%	9.54%	15.68%	26.06%
SWEDEN	4.67%	2.06%	-2.61%	25.35%	24.92%
SWITZERLAND	13.99%	24.37%	10.38%	16.21%	18.54%
UK	29.99%	16.67%	-13.32%	16.38%	23.64%

The iStoxx Europe Minimum Variance Index NR underweights UK (-13.32%) and GERMANY (-9.30%) compared to Stoxx Europe 600 Index NR.



## 6 Volatility/Weight profile

The chart below shows the distribution of the new iStoxx Europe Minimum Variance Index NR composition on 18-Apr-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 12-Apr-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.



## 7 Added Stocks

The rebalancing has added 9 new stocks. In the table below, T is the current rebalancing date (18-Apr-2016), while T-1 is the previous rebalancing date (21-Mar-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 15-Mar-2016 and 12-Apr-2016. The average daily volumes ADV(T-1) and ADV(T), expressed in mln EUR, are computed over 50 business days ending on the same dates as before, with the relative ranking over the benchmark Stoxx Europe 600 Index NR. Finally, WW(T) is the stock weight at the current rebalancing date.

	Sector	Country	Vol(T-1)	Vol(T)	WW(T)	ADV(T-1)	ADV(T)	B	LF	EU
ASML HOLDING NV	Technology	NETHERLANDS	32.76%	29.33%	0.22%	118.79 (65)	104.83 (70)	Y	Y	Y
DEUTSCHE LUFTHANSA AG	C.Services	GERMANY	37.18%	34.51%	0.11%	64.92 (115)	59.92 (117)	Y	Y	Y
GLAXOSMITHKLINE PLC.	HealthCare	UK	26.13%	24.30%	0.14%	172.99 (32)	166.83 (30)	Y	Y	Y
ILIAD SA	Technology	FRANCE	26.37%	33.16%	0.77%	22.49 (310)	28.28 (252)	Y	N	N
K + S AG	Materials	GERMANY	54.53%	40.11%	0.79%	47.10 (171)	42.51 (177)	Y	Y	Y
NN GROUP	Financials	NETHERLANDS	27.46%	26.96%	2.05%	35.41 (218)	28.41 (251)	Y	Y	N
RECKITT BENCKISER GP.PLC	C.Goods	UK	26.04%	24.39%	0.14%	103.35 (79)	99.92 (75)	Y	Y	Y
RELX PLC.	C.Services	UK	24.30%	23.02%	0.04%	48.80 (167)	45.70 (166)	Y	Y	Y
SAINSBURY (J) PLC.	C.Services	UK	38.26%	31.51%	0.54%	27.25 (270)	29.44 (244)	Y	Y	Y

Table 2: The Column B shows whenever the added stock was in the Stoxx Europe 600 Index NR selection as of 21-Mar-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 21-Mar-2016.

## 8 Deleted Stocks

The rebalancing has deleted 7 new stocks. In the table below, T is the current rebalancing date (18-Apr-2016), while T-1 is the previous rebalancing date (21-Mar-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 15-Mar-2016 and 12-Apr-2016. The average daily volumes ADV(T-1) and ADV(T), expressed in mln EUR, are computed over 50 business days ending on the same dates as before, with the relative ranking over the benchmark Stoxx Europe 600 Index NR. Finally, WW(T-1) is the stock weight at the previous rebalancing date.

	Sector	Country	Vol(T-1)	Vol(T)	WW(T-1)	ADV(T-1)	ADV(T)	B	LF	EU
BAE SYSTEMS PLC.	Industrials	UK	26.62%	25.66%	0.03%	56.11 (138)	42.78 (175)	Y	Y	Y
CAPITA PLC.	Industrials	UK	28.34%	28.35%	0.06%	26.01 (279)	25.72 (271)	Y	Y	Y
DIRECT LINE IN.GP.PLC.	Financials	UK	26.19%	26.63%	0.56%	26.15 (278)	22.04 (302)	Y	N	N
NEXT PLC.	C.Services	UK	23.77%	31.72%	1.31%	49.27 (165)	46.26 (164)	Y	Y	Y
NOVOZYMES A/S	HealthCare	DENMARK	33.07%	31.19%	0.75%	23.82 (298)	17.64 (346)	Y	N	N
PERNOD-RICARD	C.Goods	FRANCE	26.10%	25.88%	0.05%	58.40 (129)	56.10 (129)	Y	Y	Y
SKY PLC.	C.Services	UK	26.58%	25.86%	0.02%	44.27 (185)	39.52 (192)	Y	Y	Y

Table 3: The Column B shows whenever the deleted stock was in the Stoxx Europe 600 Index NR selection as of 18-Apr-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 18-Apr-2016.



## 9 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the iStoxx Europe Minimum Variance Index NR as of 18-Apr-2016. The column WW indicates the weights in the iStoxx Europe Minimum Variance Index NR as of 18-Apr-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 12-Apr-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 12-Apr-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 iStoxx Europe Minimum Variance Index NR already (YES) or it entered at this rebalancing (NO).

	Sector	Country	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
SABMILLER PLC.	C.Goods	UK	4.50%	13.07%	1	36.15%	31	11	YES
RANDGOLD RES.	Materials	UK	4.50%	39.42%	222	2.80%	1	146	YES
PADDY POWER	C.Services	IRELAND	3.67%	29.98%	120	20.36%	4	80	YES
RED ELECTRICA	Utilities	SPAIN	3.53%	15.94%	2	45.12%	131	45	YES
SYNGENTA AG	Materials	SWITZERLAND	3.45%	24.10%	37	29.03%	8	27	YES
IBERDROLA SA	Utilities	SPAIN	2.91%	16.16%	3	50.42%	227	79	YES
ENAGAS SA	Utilities	SPAIN	2.78%	18.48%	4	43.20%	96	35	YES
ENDESA SA	Utilities	SPAIN	2.50%	22.01%	17	38.59%	53	29	YES
SWISSCOM	Telecom.	SWITZERLAND	2.47%	21.21%	8	40.78%	71	29	YES
SNAM SPA	Utilities	ITALY	2.44%	19.93%	6	43.78%	111	41	YES
NESTE	Oil - Gas	FINLAND	2.31%	26.58%	70	32.65%	18	52	YES
GEMALTO	Technology	NETHERLANDS	2.25%	34.52%	185	26.03%	5	123	YES
SONOVA HOLDING AG	HealthCare	SWITZERLAND	2.23%	22.53%	20	40.01%	64	34	YES
NESTLE AG	C.Goods	SWITZERLAND	2.13%	18.80%	5	47.46%	167	60	YES
NN GROUP	Financials	NETHERLANDS	2.05%	26.96%	79	36.12%	30	62	NO
SGS SA	Industrials	SWITZERLAND	2.01%	21.44%	9	43.76%	110	43	YES
AGEAS	Financials	BELGIUM	1.87%	23.23%	29	43.40%	100	53	YES
GIVAUDAN SA	Materials	SWITZERLAND	1.85%	21.69%	14	42.73%	92	40	YES

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	Sector	Country	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
CLARIANT AG	Materials	SWITZERLAND	1.83%	22.85%	26	42.78%	93	48	YES
SWEDISH MATCH AB	C.Goods	SWEDEN	1.78%	22.38%	18	41.17%	74	37	YES
ALSTOM SA	Industrials	FRANCE	1.77%	31.14%	134	32.35%	17	94	YES
RYANAIR HOLDINGS PLC.	C.Services	IRELAND	1.64%	30.36%	128	31.06%	13	88	YES
CARLSBERG AS	C.Goods	DENMARK	1.60%	26.23%	69	38.65%	54	63	YES
DELHAIZE GROUP	C.Services	BELGIUM	1.59%	25.04%	49	38.91%	55	51	YES
LONZA GROUP AG	HealthCare	SWITZERLAND	1.55%	25.29%	53	38.55%	52	52	YES

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