

Rebalancing Report

iStoxx Europe Minimum Variance Index NR

20-Jun-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 20-Jun-2016	
Number of Stocks	90
Added Stocks	14
Deleted Stocks	11
Core Number	76
Old weight of Core	90.12%
New weight of Core	88.80%
Turnover	35.41%
Historical Turnover	36.05%

Table 1: Added and deleted stocks are relative to 17-Jun-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 **87** to **90**.

The Turnover is **35.41%**, in line with its historical mean at **36.05%**.

The weight of the Index Core Portfolio decreased from **90.12%** to **88.80%**.

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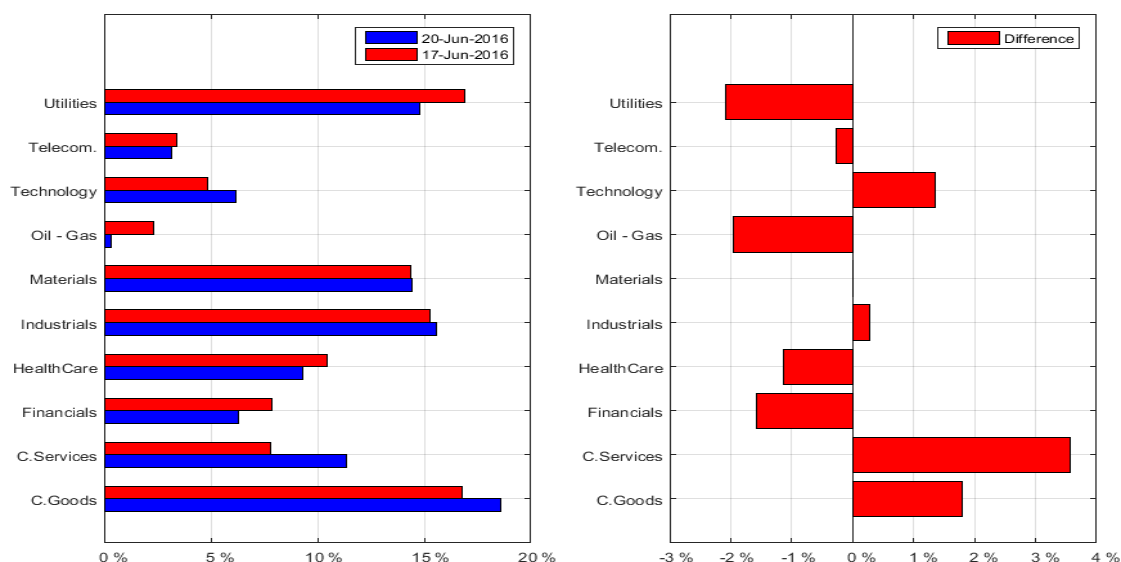
2 Sector Allocation

The most significant changes in sector exposures are: **3.56%** for C.Services, **-2.08%** for Utilities, **-1.96%** for Oil - Gas.

The biggest sector exposures are: **18.60%** for C.Goods, **15.58%** for Industrials, **14.80%** for Utilities.

	Close 17-Jun-2016	Opening 20-Jun-2016	Difference
C.Goods	16.80%	18.60%	1.81%
C.Services	7.82%	11.38%	3.56%
Financials	7.86%	6.27%	-1.59%
HealthCare	10.43%	9.29%	-1.14%
Industrials	15.29%	15.58%	0.29%
Materials	14.39%	14.40%	0.01%
Oil - Gas	2.30%	0.35%	-1.96%
Technology	4.83%	6.19%	1.36%
Telecom.	3.40%	3.14%	-0.26%
Utilities	16.88%	14.80%	-2.08%

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-Jun-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 20-Jun-2016.



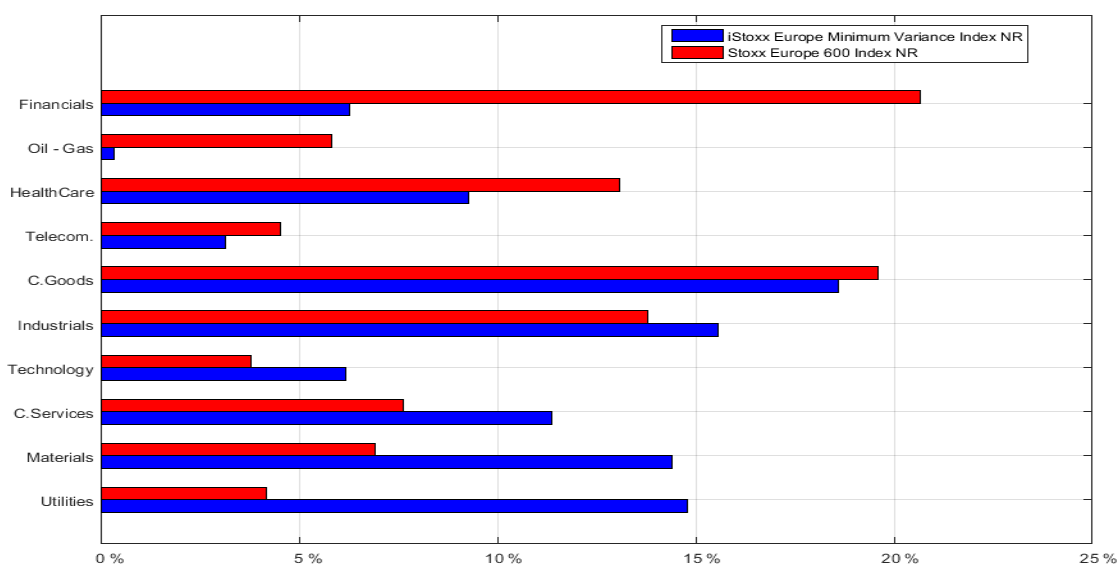
3 Sector breakdown vs. benchmark

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 14-Jun-2016

	SXXR Index	ISEMVT Index	Difference	VolMV	VolBench
C.Goods	19.59%	18.60%	-0.99%	14.42%	18.39%
C.Services	7.63%	11.38%	3.76%	16.69%	19.93%
Financials	20.68%	6.27%	-14.40%	18.50%	27.83%
HealthCare	13.07%	9.29%	-3.79%	17.32%	20.27%
Industrials	13.79%	15.58%	1.79%	14.76%	20.60%
Materials	6.92%	14.40%	7.48%	17.18%	26.81%
Oil - Gas	5.82%	0.35%	-5.47%	34.21%	32.56%
Technology	3.78%	6.19%	2.41%	19.39%	21.13%
Telecom.	4.53%	3.14%	-1.40%	18.98%	22.85%
Utilities	4.19%	14.80%	10.61%	15.85%	19.56%

The iStoxx Europe Minimum Variance Index NR overweights Utilities (**10.61%**) and Materials (**7.48%**) compared to Stoxx Europe 600 Index NR.

The iStoxx Europe Minimum Variance Index NR underweights Financials (**-14.40%**) and Oil - Gas (**-5.47%**) compared to Stoxx Europe 600 Index NR.



4 Country Allocation

The most significant changes in country exposures are: **7.89%** for UK, **-3.59%** for DENMARK, **-1.83%** for SWITZERLAND.

The biggest country exposures are: **24.72%** for UK, **23.95%** for SWITZERLAND, **11.47%** for SPAIN.

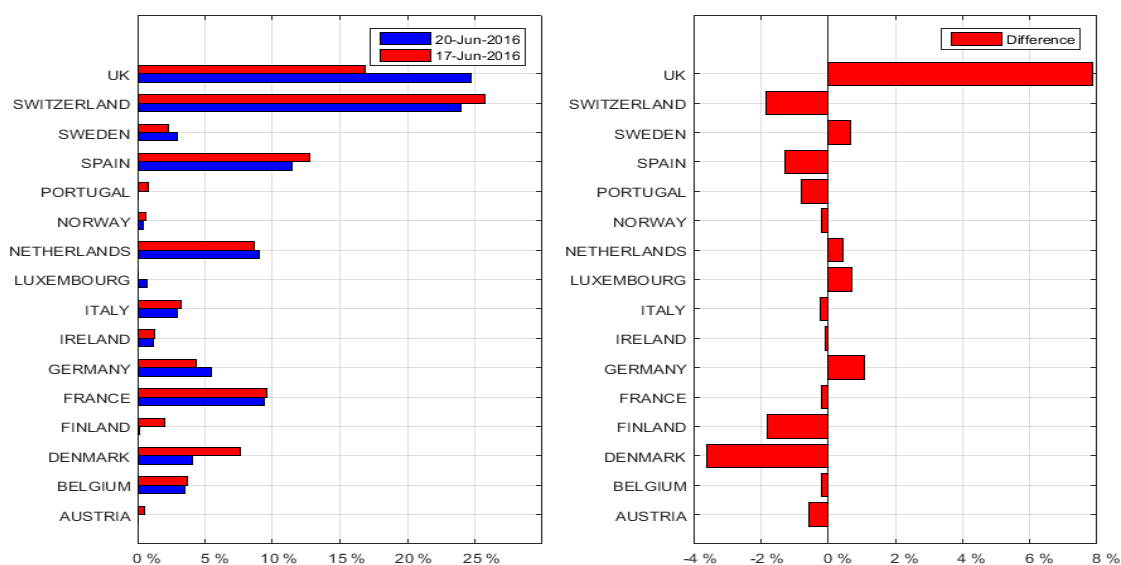
	Close 17-Jun-2016	Opening 20-Jun-2016	Difference
AUSTRIA	0.55%	-	-0.55%
BELGIUM	3.71%	3.52%	-0.20%
DENMARK	7.65%	4.05%	-3.59%
FINLAND	2.00%	0.17%	-1.82%
FRANCE	9.60%	9.40%	-0.21%
GERMANY	4.37%	5.44%	1.07%
IRELAND	1.28%	1.20%	-0.08%
ITALY	3.23%	2.99%	-0.24%
LUXEMBOURG	-	0.71%	0.71%
NETHERLANDS	8.63%	9.06%	0.43%
NORWAY	0.58%	0.39%	-0.19%
PORTUGAL	0.78%	-	-0.78%
SPAIN	12.75%	11.47%	-1.28%
SWEDEN	2.29%	2.95%	0.66%
SWITZERLAND	25.77%	23.95%	-1.83%
UK	16.83%	24.72%	7.89%

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 17-Jun-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 20-Jun-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 14-Jun-2016

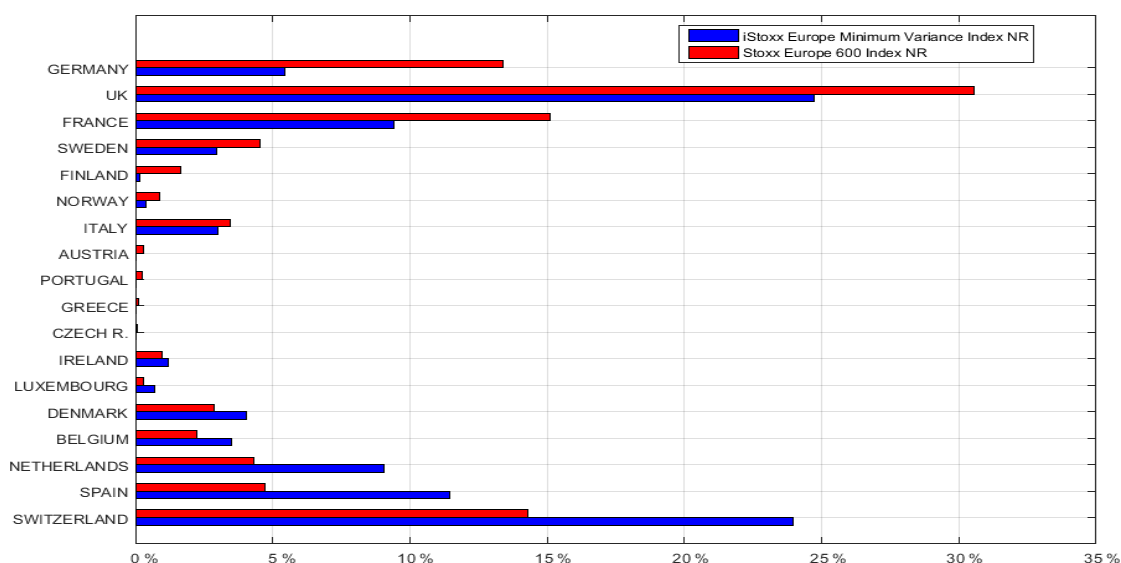
The iStoxx Europe Minimum Variance Index NR overweights SWITZERLAND (**9.67%**)



	SXXR Index	ISEMVT Index	Difference	VolMV	VolBench
AUSTRIA	0.30%	-	-0.30%	-	25.70%
BELGIUM	2.24%	3.52%	1.27%	19.26%	20.46%
CZECH R.	0.07%	-	-0.07%	-	22.42%
DENMARK	2.88%	4.05%	1.17%	19.09%	23.75%
FINLAND	1.64%	0.17%	-1.47%	22.32%	21.50%
FRANCE	15.10%	9.40%	-5.70%	17.60%	22.05%
GERMANY	13.41%	5.44%	-7.97%	19.06%	22.60%
GREECE	0.09%	-	-0.09%	-	70.99%
IRELAND	0.98%	1.20%	0.22%	30.51%	21.05%
ITALY	3.46%	2.99%	-0.47%	20.11%	30.97%
LUXEMBOURG	0.28%	0.71%	0.43%	29.52%	41.36%
NETHERLANDS	4.30%	9.06%	4.75%	17.60%	20.55%
NORWAY	0.89%	0.39%	-0.50%	29.40%	29.95%
PORTUGAL	0.24%	-	-0.24%	-	24.46%
SPAIN	4.71%	11.47%	6.76%	15.71%	27.12%
SWEDEN	4.54%	2.95%	-1.60%	28.78%	24.07%
SWITZERLAND	14.27%	23.95%	9.67%	14.60%	18.19%
UK	30.57%	24.72%	-5.85%	13.81%	23.18%

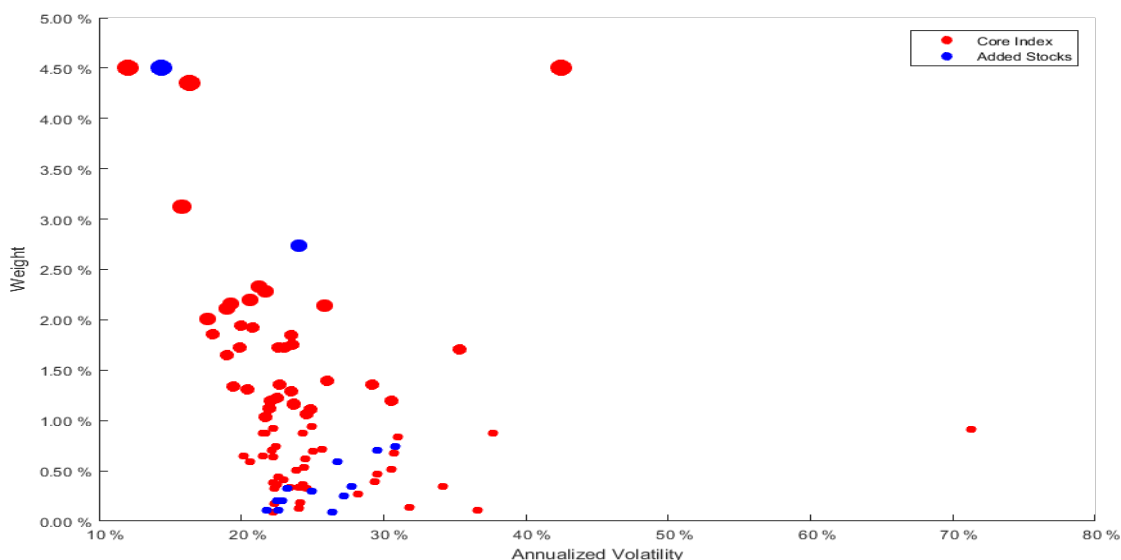
and SPAIN (**6.76%**) compared to Stoxx Europe 600 Index NR.

The iStoxx Europe Minimum Variance Index NR underweights GERMANY (**-7.97%**) and UK (**-5.85%**) 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 20-Jun-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 14-Jun-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 14 new stocks. In the table below, T is the current rebalancing date (20-Jun-2016), while T-1 is the previous rebalancing date (23-May-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 17-May-2016 and 14-Jun-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	29.31%	27.75%	0.34%	100.15 (62)	99.14 (59)	Y	Y	Y
BEIERSDORF AG	C.Goods	GERMANY	24.48%	22.84%	0.20%	26.34 (247)	24.73 (251)	Y	Y	Y
DCC PLC.	Industrials	UK	26.21%	26.76%	0.59%	15.33 (355)	29.45 (214)	Y	N	N
ELECTROLUX AB	C.Goods	SWEDEN	37.38%	30.78%	0.74%	25.97 (250)	26.32 (234)	Y	Y	Y
LINDE AG	Materials	GERMANY	32.87%	24.98%	0.30%	66.59 (101)	56.30 (110)	Y	Y	Y
RECKITT BENCKISER GP.PLC	C.Goods	UK	23.81%	22.61%	0.10%	101.42 (59)	102.88 (57)	Y	Y	Y
RELX PLC.	C.Services	UK	22.62%	21.77%	0.11%	43.52 (152)	43.80 (146)	Y	Y	Y
REXAM PLC.	Industrials	UK	15.72%	14.36%	4.50%	17.72 (327)	22.26 (273)	Y	N	N
SAGA PLC.	C.Services	UK	Inf%	24.00%	2.74%	-Inf (606)	46.96 (137)	N	N	N
SES SA	C.Services	LUXEMBOURG	26.80%	29.52%	0.71%	17.40 (332)	22.32 (272)	Y	N	N
SODEXO	C.Services	FRANCE	27.10%	23.22%	0.32%	28.74 (226)	22.41 (271)	Y	Y	Y
THE SAGE GROUP PLC.	Technology	UK	28.08%	26.35%	0.09%	20.96 (295)	21.29 (287)	Y	Y	Y
UNIBAIL-RODAMCO	Financials	FRANCE	23.91%	22.51%	0.21%	79.87 (87)	64.09 (100)	Y	Y	Y
VONOVIA SE	Financials	GERMANY	29.69%	27.17%	0.25%	39.10 (173)	34.32 (191)	Y	Y	Y

Table 2: The Column B shows whenever the added stock was in the Stoxx Europe 600 Index NR selection as of 23-May-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 23-May-2016.

8 Deleted Stocks

The rebalancing has deleted 11 new stocks. In the table below, T is the current rebalancing date (20-Jun-2016), while T-1 is the previous rebalancing date (23-May-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 17-May-2016 and 14-Jun-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
ALSTOM SA	Industrials	FRANCE	30.34%	30.21%	1.71%	27.38 (237)	18.07 (320)	Y	N	N
DEUTSCHE WOHNEN AG	Financials	GERMANY	25.68%	24.04%	0.56%	22.60 (278)	19.53 (306)	Y	N	N
DIRECT LINE IN.GP.PLC.	Financials	UK	26.10%	26.36%	0.05%	21.31 (292)	20.67 (291)	Y	Y	Y
EDP ENERGIAS DE PORTL.SA	Utilities	PORTUGAL	25.51%	26.04%	0.78%	21.78 (288)	17.45 (326)	Y	N	N
ERSTE GROUP BANK AG	Financials	AUSTRIA	33.16%	33.28%	0.55%	19.83 (300)	18.39 (315)	Y	N	N
ISS AS	Industrials	DENMARK	18.95%	19.15%	3.66%	22.70 (277)	12.92 (385)	Y	N	N
MARKS & SPENCER GP.PLC.	C.Services	UK	26.81%	31.33%	0.07%	29.47 (222)	41.87 (153)	Y	Y	Y
NESTE	Oil - Gas	FINLAND	28.50%	27.24%	1.88%	23.41 (272)	19.93 (301)	Y	N	N
PROSIEBENSAT 1 MEDIA AG	C.Services	GERMANY	24.74%	25.32%	0.06%	39.01 (175)	31.19 (204)	Y	Y	Y
SAINSBURY (J) PLC.	C.Services	UK	30.06%	31.17%	0.34%	29.62 (221)	26.17 (236)	Y	Y	Y
SWED.ORPHAN BIOVITRUM AB	HealthCare	SWEDEN	35.64%	37.20%	0.21%	19.88 (299)	21.94 (279)	Y	Y	Y

Table 3: The Column B shows whenever the deleted stock was in the Stoxx Europe 600 Index NR selection as of 20-Jun-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 20-Jun-2016.

9 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the iStoxx Europe Minimum Variance Index NR as of 20-Jun-2016. The column WW indicates the weights in the iStoxx Europe Minimum Variance Index NR as of 20-Jun-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 14-Jun-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 14-Jun-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%	12.04%	1	37.34%	33	11	YES
REXAM PLC.	Industrials	UK	4.50%	14.36%	2	33.72%	19	7	NO
RANDGOLD RESOURCES LTD.	Materials	UK	4.50%	42.50%	239	2.71%	1	158	YES
SYNGENTA AG	Materials	SWITZERLAND	4.35%	16.34%	4	29.81%	7	5	YES
RED ELECTRICA CORPN.SA	Utilities	SPAIN	3.12%	15.81%	3	45.62%	124	44	YES
SAGA PLC.	C.Services	UK	2.74%	24.00%	59	31.59%	12	43	NO
ENDESA SA	Utilities	SPAIN	2.33%	21.21%	18	39.45%	51	29	YES
SONOVA HOLDING AG	HealthCare	SWITZERLAND	2.28%	21.69%	22	38.61%	44	29	YES
SWISSCOM	Telecom.	SWITZERLAND	2.20%	20.63%	15	41.32%	66	32	YES
GIVAUDAN SA	Materials	SWITZERLAND	2.16%	19.27%	9	43.21%	85	34	YES
MICRO FOCUS INTL.PLC.	Technology	UK	2.14%	25.84%	88	33.08%	16	63	YES
ENAGAS SA	Utilities	SPAIN	2.11%	18.99%	8	44.69%	107	41	YES
IBERDROLA SA	Utilities	SPAIN	2.01%	17.60%	5	51.21%	219	77	YES
SGS SA	Industrials	SWITZERLAND	1.94%	20.00%	12	44.74%	108	44	YES
SNAM SPA	Utilities	ITALY	1.93%	20.78%	17	43.95%	92	42	YES
NESTLE AG	C.Goods	SWITZERLAND	1.86%	17.99%	6	49.34%	179	64	YES
COLOPLAST A/S	HealthCare	DENMARK	1.84%	23.54%	52	38.04%	40	47	YES
CARLSBERG AS	C.Goods	DENMARK	1.76%	23.63%	53	39.13%	49	51	YES

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	Sector	Country	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
DELHAIZE GROUP	C.Services	BELGIUM	1.73%	22.59%	39	40.10%	55	44	YES
HEINEKEN NV	C.Goods	NETHERLANDS	1.72%	19.90%	11	44.87%	113	45	YES
LONZA GROUP AG	HealthCare	SWITZERLAND	1.72%	23.07%	48	39.16%	50	48	YES
GEMALTO	Technology	NETHERLANDS	1.71%	35.33%	201	27.46%	5	134	YES
BALOISE-HOLDING AG	Financials	SWITZERLAND	1.65%	18.97%	7	50.47%	206	74	YES
ADIDAS AG	C.Goods	GERMANY	1.40%	26.07%	94	36.97%	29	71	YES
NN GROUP	Financials	NETHERLANDS	1.36%	29.18%	125	37.11%	30	92	YES

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