

# Rebalancing Report

## iStoxx Europe Minimum Variance Index NR

### 22-Aug-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	22-Aug-2016
Number of Stocks	81
Added Stocks	13
Deleted Stocks	16
Core Number	68
Old weight of Core	89.88%
New weight of Core	91.15%
Turnover	41.94%
Historical Turnover	35.90%

Table 1: Added and deleted stocks are relative to 22-Aug-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 decreased from **84** to **81**.

The Turnover is **41.94%**, higher than its historical mean at **35.90%**.

The weight of the Index Core Portfolio is stable.

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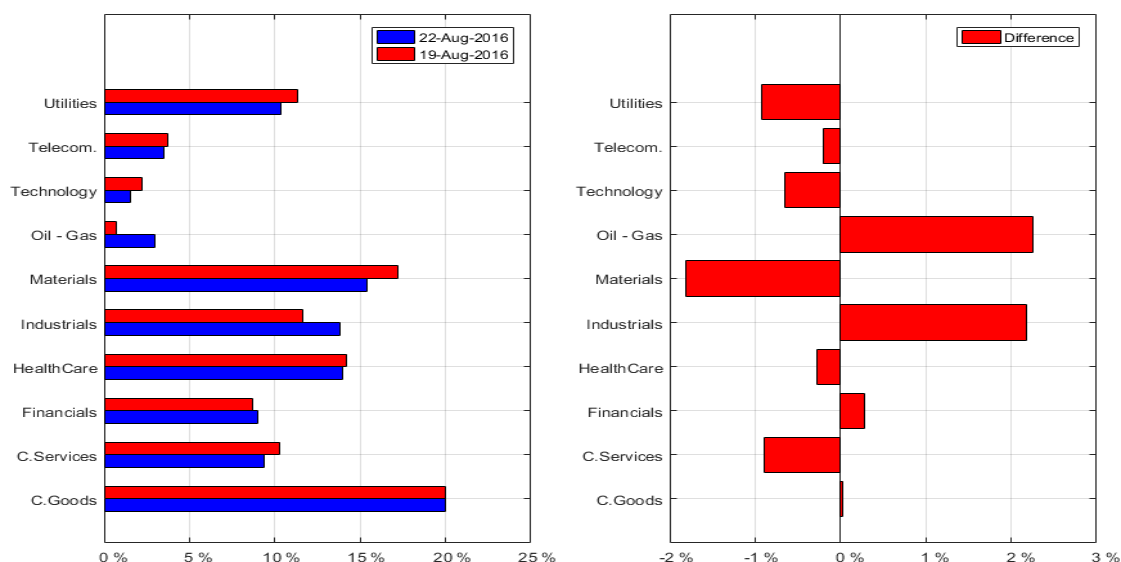
## 2 Sector Allocation

The most significant changes in sector exposures are: **2.25%** for Oil - Gas, **2.18%** for Industrials, **-1.81%** for Materials.

The biggest sector exposures are: **20.03%** for C.Goods, **15.43%** for Materials, **13.94%** for HealthCare.

	Close 19-Aug-2016	Opening 22-Aug-2016	Difference
C.Goods	20.00%	20.03%	0.03%
C.Services	10.29%	9.40%	-0.89%
Financials	8.69%	8.97%	0.28%
HealthCare	14.21%	13.94%	-0.27%
Industrials	11.63%	13.81%	2.18%
Materials	17.24%	15.43%	-1.81%
Oil - Gas	0.71%	2.96%	2.25%
Technology	2.21%	1.56%	-0.65%
Telecom.	3.72%	3.52%	-0.21%
Utilities	11.30%	10.38%	-0.92%

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 19-Aug-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 22-Aug-2016.



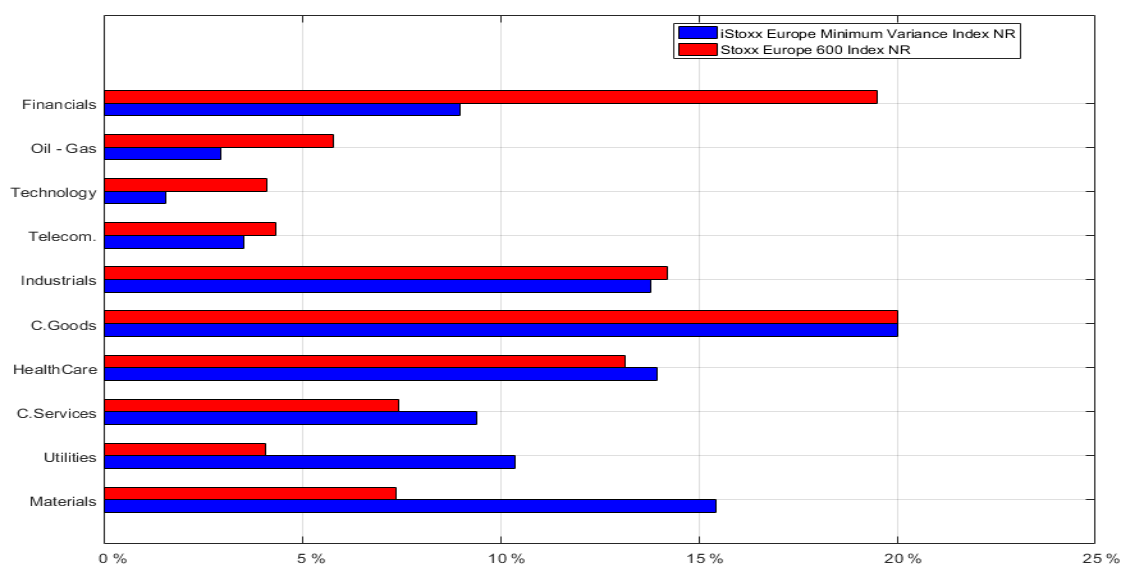
### 3 Sector breakdown vs. benchmark

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 16-Aug-2016

	SXXR Index	ISEMVT Index	Difference	VolMV	VolBench
C.Goods	20.01%	20.03%	0.01%	13.28%	17.38%
C.Services	7.45%	9.40%	1.96%	15.87%	21.73%
Financials	19.50%	8.97%	-10.53%	15.98%	-
HealthCare	13.13%	13.94%	0.80%	15.62%	17.00%
Industrials	14.20%	13.81%	-0.39%	16.14%	21.15%
Materials	7.37%	15.43%	8.07%	17.38%	25.03%
Oil - Gas	5.80%	2.96%	-2.84%	22.34%	26.42%
Technology	4.11%	1.56%	-2.55%	20.12%	22.40%
Telecom.	4.35%	3.52%	-0.83%	15.97%	23.50%
Utilities	4.07%	10.38%	6.31%	16.65%	20.97%

The iStoxx Europe Minimum Variance Index NR overweights Materials ( **8.07%**) and Utilities ( **6.31%**) compared to Stoxx Europe 600 Index NR.

The iStoxx Europe Minimum Variance Index NR underweights Financials ( **-10.53%**) and Oil - Gas ( **-2.84%**) compared to Stoxx Europe 600 Index NR.



## 4 Country Allocation

The most significant changes in country exposures are: **2.63%** for FRANCE, **2.11%** for FINLAND, **1.41%** for DENMARK.

The biggest country exposures are: **32.17%** for SWITZERLAND, **15.19%** for UK, **10.96%** for FRANCE.

	Close 19-Aug-2016	Opening 22-Aug-2016	Difference
BELGIUM	0.84%	-	-0.84%
DENMARK	4.14%	5.55%	1.41%
FINLAND	0.04%	2.15%	2.11%
FRANCE	8.33%	10.96%	2.63%
GERMANY	10.27%	10.90%	0.63%
ITALY	1.75%	1.48%	-0.26%
LUXEMBOURG	1.02%	-	-1.02%
NETHERLANDS	11.74%	10.36%	-1.38%
NORWAY	0.40%	0.35%	-0.06%
SPAIN	9.63%	9.17%	-0.46%
SWEDEN	2.90%	1.71%	-1.18%
SWITZERLAND	33.36%	32.17%	-1.18%
UK	15.59%	15.19%	-0.40%

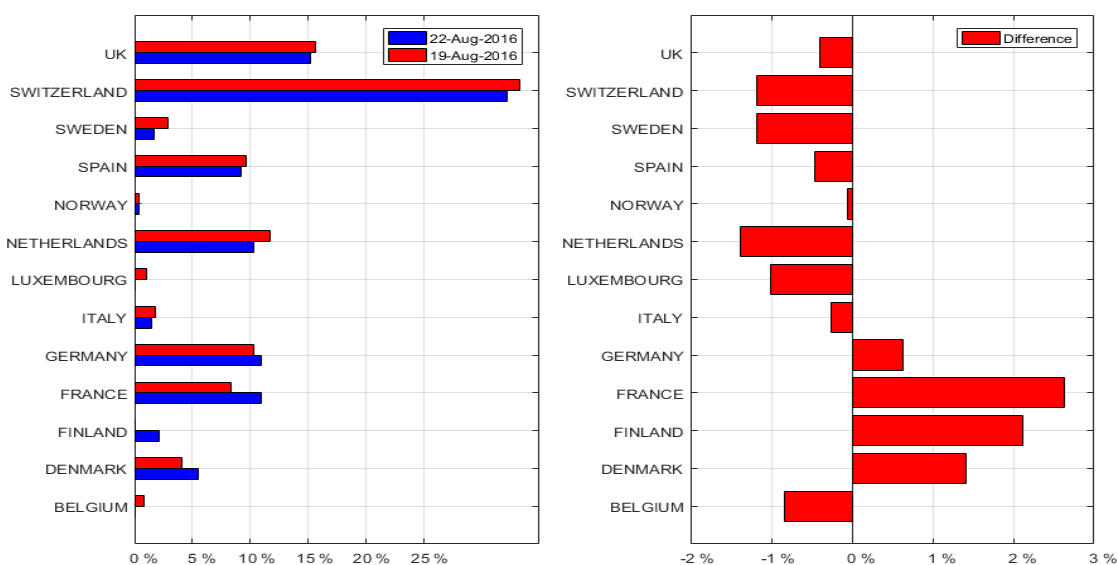
The left-hand side of the chart below shows the country deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 19-Aug-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 22-Aug-2016.

## 5 Country breakdown vs. benchmark

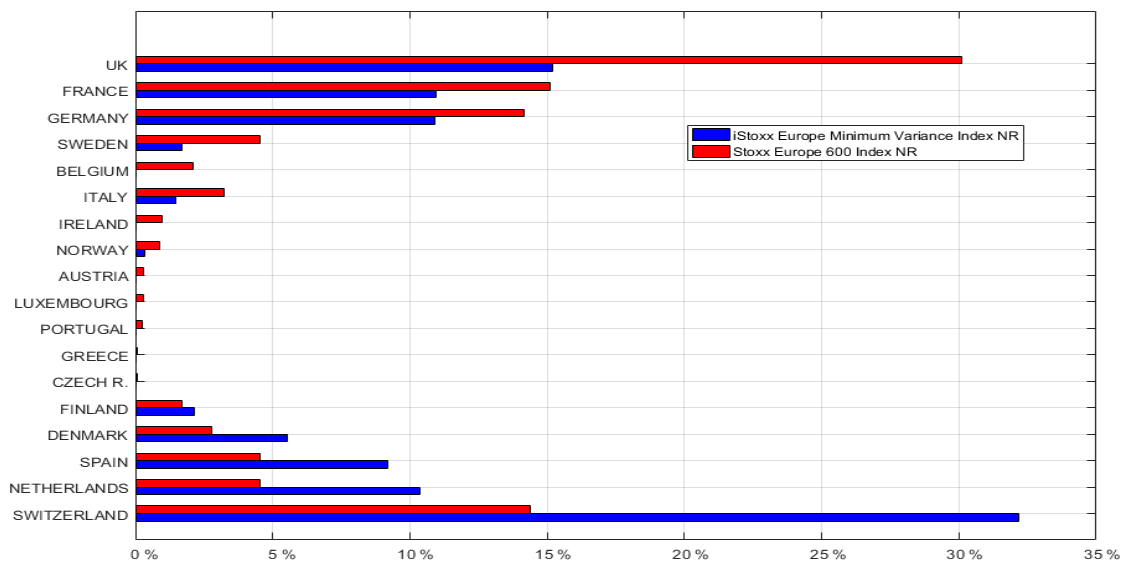
The table below shows, for each country, the weight in the iStoxx Europe Minimum Variance Index NR (ISEMVT Index), in the benchmark Stoxx Europe 600 Index NR (SXXR Index) and their difference. We also show the annualized volatility of each country in the iStoxx Europe Minimum Variance Index NR (VolMV) and in the benchmark (VolBench). Annualized volatilities are computed using 125 business days ending on 16-Aug-2016

The iStoxx Europe Minimum Variance Index NR overweights SWITZERLAND (**17.79%**) and NETHERLANDS ( **5.81%**) compared to Stoxx Europe 600 Index NR.

The iStoxx Europe Minimum Variance Index NR underweights UK (**-14.90%**) and FRANCE (**-4.16%**) compared to Stoxx Europe 600 Index NR.

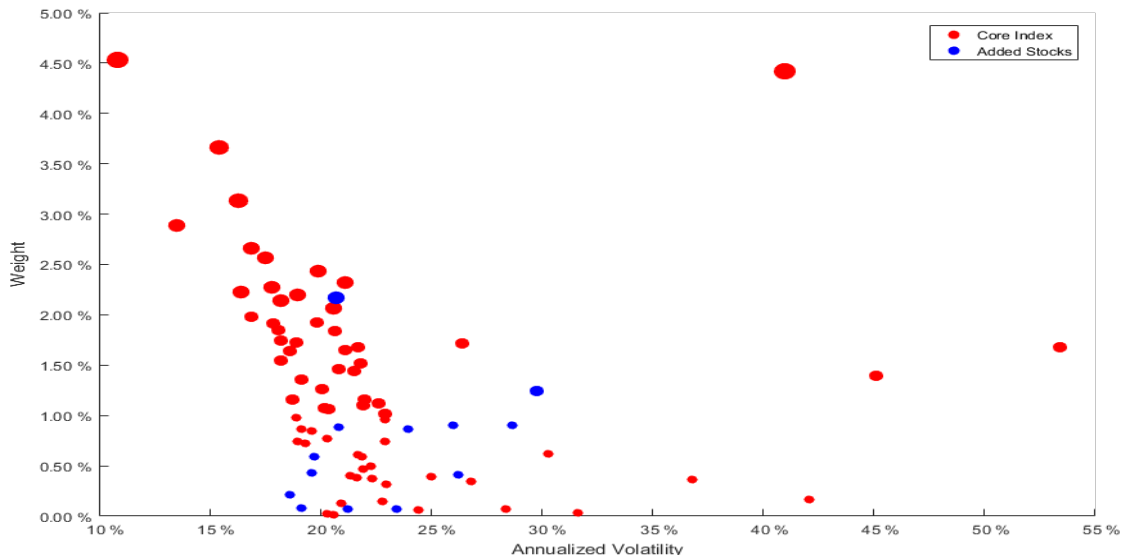


	SXXR Index	ISEMVT Index	Difference	VolMV	VolBench
AUSTRIA	0.31%	-	-0.31%	-	27.05%
BELGIUM	2.09%	-	-2.09%	-	19.35%
CZECH R.	0.07%	-	-0.07%	-	22.23%
DENMARK	2.79%	5.55%	2.76%	18.68%	20.33%
FINLAND	1.68%	2.15%	0.48%	23.06%	21.18%
FRANCE	15.12%	10.96%	-4.16%	15.73%	21.69%
GERMANY	14.14%	10.90%	-3.24%	15.49%	-
GREECE	0.07%	-	-0.07%	-	62.40%
IRELAND	0.96%	-	-0.96%	-	24.22%
ITALY	3.22%	1.48%	-1.74%	21.90%	31.45%
LUXEMBOURG	0.30%	-	-0.30%	-	38.62%
NETHERLANDS	4.54%	10.36%	5.81%	15.38%	19.24%
NORWAY	0.89%	0.35%	-0.55%	26.81%	25.18%
PORTUGAL	0.25%	-	-0.25%	-	23.02%
SPAIN	4.56%	9.17%	4.62%	16.23%	28.43%
SWEDEN	4.55%	1.71%	-2.84%	52.34%	22.75%
SWITZERLAND	14.38%	32.17%	17.79%	12.68%	15.29%
UK	30.09%	15.19%	-14.90%	18.63%	24.96%



## 6 Volatility/Weight profile

The chart below shows the distribution of the new iStoxx Europe Minimum Variance Index NR composition on 22-Aug-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 16-Aug-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 13 new stocks. In the table below, T is the current rebalancing date (22-Aug-2016), while T-1 is the previous rebalancing date (18-Jul-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 12-Jul-2016 and 16-Aug-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
ASTRAZENECA PLC.	HealthCare	UK	27.69%	23.43%	0.07%	135.57 (41)	172.93 (28)	Y	Y	Y
DANSKE BANK A/S	Financials	DENMARK	32.33%	23.97%	0.87%	46.29 (149)	40.69 (166)	Y	Y	Y
DSV A/S	Industrials	DENMARK	32.04%	26.22%	0.41%	24.00 (262)	22.49 (267)	Y	Y	Y
FORTUM OYJ	Utilities	FINLAND	36.02%	26.02%	0.91%	34.11 (208)	31.81 (212)	Y	Y	Y
FRESENIUS MED.CARE AG	HealthCare	GERMANY	26.87%	20.80%	0.89%	40.41 (171)	41.46 (159)	Y	Y	Y
HERMES INTERNATIONAL	C.Goods	FRANCE	23.79%	20.72%	2.17%	18.07 (331)	21.64 (277)	Y	N	N
NESTE	Oil - Gas	FINLAND	29.70%	29.80%	1.25%	20.31 (305)	26.10 (234)	Y	N	N
NOVOZYMES A/S	HealthCare	DENMARK	29.09%	28.65%	0.91%	16.29 (349)	19.68 (300)	Y	N	N
PERNOD-RICARD	C.Goods	FRANCE	24.84%	19.74%	0.59%	51.48 (134)	48.87 (136)	Y	Y	Y
RECKITT BENCKISER GP.PLC	C.Goods	UK	24.27%	19.59%	0.43%	114.94 (56)	120.50 (48)	Y	Y	Y
UNIBAIL-RODAMCO	Financials	FRANCE	25.14%	21.23%	0.08%	79.72 (88)	78.98 (84)	Y	Y	Y
UNILEVER DR	C.Goods	NETHERLANDS	22.59%	19.14%	0.08%	174.24 (29)	176.72 (26)	Y	Y	Y
UNILEVER PLC.	C.Goods	UK	22.13%	18.62%	0.21%	94.76 (73)	98.97 (69)	Y	Y	Y

Table 2: The Column B shows whenever the added stock was in the Stoxx Europe 600 Index NR selection as of 18-Jul-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 18-Jul-2016.

## 8 Deleted Stocks

The rebalancing has deleted 16 new stocks. In the table below, T is the current rebalancing date (22-Aug-2016), while T-1 is the previous rebalancing date (18-Jul-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 12-Jul-2016 and 16-Aug-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
AGEAS (EX-FORTIS) NV	Financials	BELGIUM	29.85%	27.32%	0.05%	24.72 (256)	21.66 (276)	Y	Y	Y
ATOS	Technology	FRANCE	29.59%	28.97%	0.04%	25.49 (250)	25.18 (245)	Y	Y	Y
COLOPLAST A/S	HealthCare	DENMARK	25.90%	20.43%	1.70%	23.02 (272)	18.50 (316)	Y	N	N
GALENICA AG	C.Services	SWITZERLAND	37.22%	37.74%	0.23%	24.17 (261)	26.15 (233)	Y	Y	Y
HIKMA PHARMS.PLC.	HealthCare	UK	32.90%	40.74%	0.94%	20.92 (296)	17.37 (333)	Y	N	N
IBERDROLA SA	Utilities	SPAIN	24.78%	23.87%	0.64%	100.86 (63)	103.45 (63)	Y	Y	Y
KONE OYJ	Industrials	FINLAND	28.10%	25.96%	0.04%	29.20 (230)	31.12 (214)	Y	Y	Y
L'OREAL	C.Goods	FRANCE	22.55%	20.16%	0.11%	99.55 (65)	97.53 (71)	Y	Y	Y
LINDE AG	Materials	GERMANY	25.94%	29.02%	0.70%	63.74 (105)	77.36 (85)	Y	Y	Y
MICRO FOCUS INTL.PLC.	Technology	UK	35.73%	37.10%	0.65%	25.73 (248)	15.12 (366)	Y	N	N
PARTNERS GROUP HOLDING	Financials	SWITZERLAND	26.02%	19.81%	1.72%	20.59 (300)	17.77 (326)	Y	N	N
SANOFI	HealthCare	FRANCE	25.84%	23.94%	0.20%	195.95 (19)	188.24 (22)	Y	Y	Y
SES SA	C.Services	LUXEMBOURG	30.88%	28.25%	1.02%	24.94 (254)	18.46 (317)	Y	N	N
SWEDISH MATCH AB	C.Goods	SWEDEN	24.54%	21.34%	1.26%	22.96 (273)	19.53 (301)	Y	N	N
UCB SA	HealthCare	BELGIUM	31.01%	29.55%	0.79%	20.78 (297)	18.38 (318)	Y	N	N
UNITED UTILITIES GP.PLC.	Utilities	UK	26.26%	24.48%	0.02%	22.11 (284)	21.41 (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 22-Aug-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 22-Aug-2016.



## 9 Ranking Index Constituents - Top 25

The table shows the top 25 positions in the iStoxx Europe Minimum Variance Index NR as of 22-Aug-2016. The column WW indicates the weights in the iStoxx Europe Minimum Variance Index NR as of 22-Aug-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 16-Aug-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 16-Aug-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
SYNGENTA AG	Materials	SWITZERLAND	4.53%	10.86%	1	28.11%	5	2	YES
RANDGOLD RESOURCES LTD.	Materials	UK	4.42%	40.98%	212	-2.19%	1	140	YES
SABMILLER PLC.	C.Goods	UK	3.67%	15.42%	3	38.97%	32	12	YES
SWISSCOM	Telecom.	SWITZERLAND	3.13%	16.28%	4	41.69%	50	19	YES
NESTLE AG	C.Goods	SWITZERLAND	2.89%	13.49%	2	48.77%	139	48	YES
SGS SA	Industrials	SWITZERLAND	2.66%	16.85%	6	44.74%	79	30	YES
RED ELECTRICA CORPN.SA	Utilities	SPAIN	2.56%	17.54%	8	45.62%	88	35	YES
SONOVA HOLDING AG	HealthCare	SWITZERLAND	2.43%	19.89%	30	38.89%	31	30	YES
ENDESA SA	Utilities	SPAIN	2.32%	21.09%	44	39.32%	35	40	YES
GIVAUDAN SA	Materials	SWITZERLAND	2.27%	17.83%	9	43.14%	63	27	YES
HEINEKEN NV	C.Goods	NETHERLANDS	2.23%	16.40%	5	46.34%	94	35	YES
DEUTSCHE WOHNEN AG	Financials	GERMANY	2.19%	18.96%	21	42.95%	60	34	YES
HERMES INTERNATIONAL	C.Goods	FRANCE	2.17%	20.72%	40	40.25%	41	40	NO
KONINKLIJKE AHOLD DEL NV	C.Services	NETHERLANDS	2.14%	18.24%	14	46.19%	91	40	YES
LONZA GROUP AG	HealthCare	SWITZERLAND	2.07%	20.60%	37	40.37%	42	38	YES
NOVARTIS AG	HealthCare	SWITZERLAND	1.98%	16.88%	7	48.97%	140	52	YES
VONOVIA SE	Financials	GERMANY	1.92%	19.85%	29	41.26%	46	34	YES
HENKEL AG & CO.KGAA	C.Goods	GERMANY	1.91%	17.88%	10	44.56%	77	32	YES

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	Sector	Country	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
ROCHE HOLDING AG	HealthCare	SWITZERLAND	1.85%	18.13%	11	46.50%	96	39	YES
THALES SA	Industrials	FRANCE	1.84%	20.67%	39	44.51%	75	51	YES
SODEXO	C.Services	FRANCE	1.75%	18.20%	12	51.48%	177	68	YES
ENAGAS SA	Utilities	SPAIN	1.72%	18.89%	18	47.26%	107	48	YES
VESTAS WINDSYSTEMS A/S	Oil - Gas	DENMARK	1.72%	26.39%	99	38.12%	24	73	YES
ADIDAS AG	C.Goods	GERMANY	1.68%	21.72%	52	39.05%	33	45	YES
FINGERPRINT CARDS AB	Industrials	SWEDEN	1.68%	53.38%	263	13.99%	3	174	YES

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