

# Ossiam US Minimum Variance Index NR

Rebalancing Report - 21-Nov-2016

## 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.

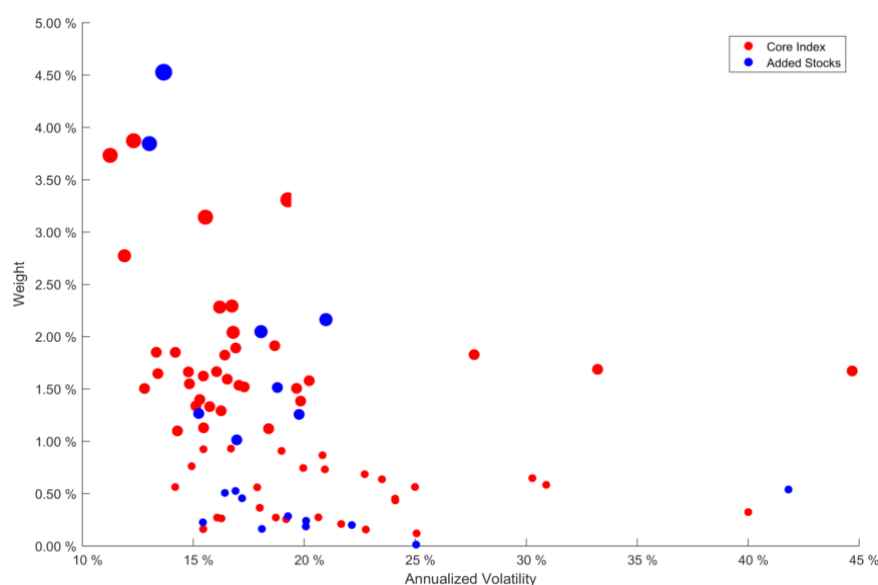
The number of constituents in the index increased from **79** to **81**. The Turnover is **67.88%**, higher than its historical mean at **38.54%**. The weight of the Index Core Portfolio decreased from **84.98%** to **79.05%**.

Characteristics	21-Nov-2016
Number of Stocks	81
Added Stocks	19
Deleted Stocks	17
Core Number	62
Old weight of Core	84.98%
New weight of Core	79.05%
Turnover	67.88%
Historical Turnover	38.54%

Added and deleted stocks are relative to 21-Nov-2016. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

## Volatility/Weight profile

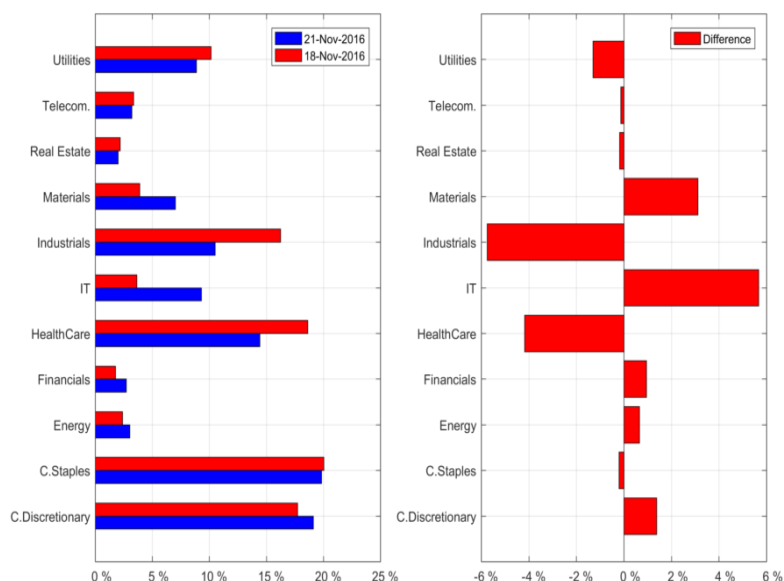
The chart on the right shows the distribution of the new Ossiam US Minimum Variance Index NR composition on 21-Nov-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 15-Nov-2016. On the upper left corner we find low volatile stocks with big 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.



## Sector Allocation

The most significant changes in sector exposures are: **-5.75%** for Industrials, **5.67%** for IT, **-4.18%** for HealthCare. The biggest sector exposures are: **19.83%** for C.Staples, **19.11%** for C.Discretionary, **14.43%** for HealthCare.

	Close	Open	Difference
C.Discretionary	17.74%	19.11%	1.37%
C.Staples	20.03%	19.83%	-0.20%
Energy	2.38%	3.03%	0.65%
Financials	1.77%	2.72%	0.95%
HealthCare	18.62%	14.43%	-4.18%
IT	3.65%	9.31%	5.67%
Industrials	16.25%	10.50%	-5.75%
Materials	3.90%	7.01%	3.11%
Real Estate	2.18%	1.99%	-0.18%
Telecom.	3.34%	3.21%	-0.13%
Utilities	10.15%	8.85%	-1.30%

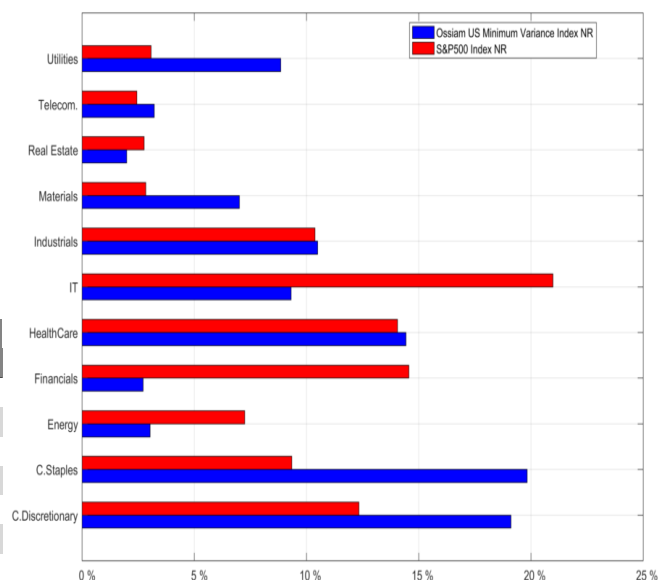


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 18-Nov-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 21-Nov-2016.

## Sector breakdown vs. benchmark

The Ossiam US Minimum Variance Index NR overweights C.Staples (**10.49%**) and C.Discretionary (**6.78%**) compared to S&P500 Index NR. The Ossiam US Minimum Variance Index NR underweights Financials (**-11.84%**) and IT (**-11.67%**) compared to S&P500 Index NR.

	BE	MV	Diff.	Volatility	
				BE	MV
C.Discretionary	12.33%	19.11%	6.78%	13.35%	11.13%
C.Staples	9.34%	19.83%	10.49%	12.00%	10.56%
Energy	7.25%	3.03%	-4.22%	20.22%	18.82%
Financials	14.56%	2.72%	-11.84%	19.90%	16.06%
HealthCare	14.05%	14.43%	0.38%	15.66%	11.11%
IT	20.98%	9.31%	-11.67%	14.25%	13.06%
Industrials	10.38%	10.50%	0.12%	14.11%	10.78%
Materials	2.83%	7.01%	4.18%	16.13%	16.72%
Real Estate	2.76%	1.99%	-0.77%	16.08%	18.41%
Telecom.	2.45%	3.21%	0.76%	14.09%	13.98%
Utilities	3.07%	8.85%	5.78%	15.81%	15.23%



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 15-Nov-2016

## Added Stocks

The rebalancing has added 19 new stocks. In the table below, T is the current rebalancing date (21-Nov-2016), while T-1 is the previous rebalancing date (24-Oct-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 18-Oct-2016 and 15-Nov-2016. 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
AIR PRDS.& CHEMS	Materials	16.49%	16.43%	0.51%	234.38 (137)	265.24 (142)	Y	Y	Y
APPLE	IT	22.29%	20.09%	0.24%	3976.64 (1)	4493.54 (1)	Y	Y	Y
BOSTON SCIENTIFIC	HealthCare	23.74%	20.08%	0.19%	173.53 (197)	210.78 (192)	Y	Y	Y
CHUBB	Financials	15.48%	15.44%	0.22%	155.75 (222)	195.38 (209)	Y	Y	Y
CISCO SYSTEMS	IT	16.78%	15.25%	1.26%	672.11 (24)	630.32 (34)	Y	Y	Y
CME GROUP	Financials	14.85%	18.06%	2.05%	135.11 (261)	174.12 (232)	Y	N	N
ELECTRONIC ARTS	IT	27.95%	20.98%	2.16%	215.60 (154)	261.19 (145)	Y	Y	Y
GILEAD SCIENCES	HealthCare	27.05%	25.05%	0.01%	748.47 (19)	767.38 (21)	Y	Y	Y
INTL.BUS.MCHS	IT	16.70%	16.91%	0.52%	526.20 (36)	577.39 (39)	Y	Y	Y
LOWE'S COMPANIES	C.Discretionary	18.29%	18.10%	0.16%	410.94 (54)	433.53 (64)	Y	Y	Y
MONSANTO	Materials	24.74%	19.77%	1.26%	413.71 (53)	382.83 (81)	Y	Y	Y
NIKE	C.Discretionary	19.45%	19.28%	0.28%	512.48 (38)	526.39 (45)	Y	Y	Y
NORFOLK SOUTHERN	Industrials	25.68%	22.15%	0.20%	128.18 (281)	169.14 (242)	Y	N	N
RANGE RES	Energy	45.12%	41.82%	0.54%	156.72 (220)	178.48 (224)	Y	Y	Y
SIMON PROPERTY GP	Real Estate	17.44%	17.20%	0.45%	266.45 (117)	298.26 (115)	Y	Y	Y
ST.JUDE MEDICAL	HealthCare	38.71%	13.67%	4.53%	281.51 (104)	196.46 (207)	Y	Y	Y
TARGET	C.Discretionary	22.67%	18.80%	1.51%	397.73 (59)	336.79 (100)	Y	Y	Y
TJX COMPANIES	C.Discretionary	18.53%	16.96%	1.01%	276.82 (107)	235.57 (162)	Y	Y	Y
WAL MART STORES	C.Staples	20.61%	13.03%	3.84%	662.82 (25)	602.94 (38)	Y	Y	Y

The Column B shows whenever the added stock was in the S&P500 Index NR selection as of 24-Oct-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 24-Oct-2016.

## Deleted Stocks

The rebalancing has deleted 17 new stocks. In the table below, T is the current rebalancing date (21-Nov-2016), while T-1 is the previous rebalancing date (24-Oct-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 18-Oct-2016 and 15-Nov-2016. 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
ADV.AUTO PARTS	C.Discretionary	21.47%	29.72%	1.06%	161.22 (210)	182.58 (218)	Y	Y	Y
AMERISOURCEBERGEN	HealthCare	21.38%	33.89%	0.35%	167.51 (203)	231.58 (163)	Y	Y	Y
CIGNA	HealthCare	26.08%	28.13%	0.58%	148.75 (238)	163.39 (253)	Y	N	N
CROWN CASTLE INTL	Real Estate	15.83%	18.55%	0.93%	225.24 (145)	301.93 (113)	Y	Y	Y
CVS HEALTH	C.Staples	15.98%	24.69%	0.00%	477.94 (41)	664.21 (33)	Y	Y	Y
EQUINIX	Real Estate	17.64%	21.23%	0.46%	192.11 (176)	231.07 (165)	Y	Y	Y
ESTEE LAUDER COS	C.Staples	17.03%	18.01%	0.21%	154.93 (225)	156.90 (264)	Y	N	N
EXELON	Utilities	18.27%	21.79%	0.37%	162.76 (208)	179.08 (222)	Y	Y	Y
EXPRESS SCRIPTS	HealthCare	17.41%	24.08%	1.13%	248.08 (129)	282.67 (129)	Y	Y	Y
HCA HOLDINGS	HealthCare	19.77%	27.58%	1.65%	190.64 (178)	270.71 (140)	Y	Y	Y
ICTL.EXCHANGE	Financials	19.29%	17.64%	0.25%	143.40 (249)	161.64 (256)	Y	N	N
LOCKHEED MARTIN	Industrials	13.00%	18.97%	2.10%	796.49 (16)	368.95 (87)	Y	Y	Y
O'REILLY AUTV	C.Discretionary	16.09%	19.88%	0.98%	183.28 (184)	250.38 (155)	Y	Y	Y
PG&E	Utilities	15.11%	16.87%	2.07%	170.69 (200)	160.07 (259)	Y	N	N
PRAXAIR	Materials	15.84%	16.20%	0.74%	154.25 (227)	148.68 (271)	Y	N	N
REYNOLDS AMERICAN	C.Staples	16.52%	26.61%	1.75%	210.02 (157)	425.39 (66)	Y	Y	Y
THE TRAVELERS COS	Financials	13.55%	16.57%	0.36%	154.64 (226)	211.34 (191)	Y	Y	Y

The Column B shows whenever the deleted stock was in the S&P500 Index NR selection as of 21-Nov-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 21-Nov-2016.

## Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Ossiam US Minimum Variance Index NR as of 21-Nov-2016. The column WW indicates the weights in the Ossiam US Minimum Variance Index NR as of 21-Nov-2016. The column Vol gives the annualized volatility computed over 125 business days ending on 15-Nov-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 15-Nov-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 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
ST.JUDE MEDICAL	HealthCare	4.53%	13.67%	8	26.05%	37	17	NO
THE WALT DISNEY	C.Discretionary	3.87%	12.32%	3	36.61%	168	59	YES
WAL MART STORES	C.Staples	3.84%	13.03%	5	26.50%	41	17	NO
UNITED PARCEL SER	Industrials	3.73%	11.26%	1	39.18%	195	66	YES
KRAFT HEINZ	C.Staples	3.31%	19.27%	68	19.21%	7	47	YES
THE SOUTHERN	Utilities	3.14%	15.55%	24	19.35%	8	18	YES
JOHNSON & JOHNSON	HealthCare	2.77%	11.91%	2	39.26%	197	68	YES
ELI LILLY	HealthCare	2.29%	16.75%	37	30.38%	80	51	YES
AUTOZONE	C.Discretionary	2.28%	16.20%	28	31.69%	102	53	YES
ELECTRONIC ARTS	IT	2.16%	20.98%	94	24.22%	25	70	NO
CME GROUP	Financials	2.05%	18.06%	54	30.84%	89	65	NO
DUKE ENERGY	Utilities	2.04%	16.80%	38	21.15%	15	30	YES
E I DU PONT DE NEMOURS	Materials	1.91%	18.67%	60	31.52%	97	72	YES
ALPHABET	IT	1.89%	16.92%	42	31.08%	91	58	YES
THE COCA COLA	C.Staples	1.85%	13.34%	6	35.12%	150	54	YES
COMCAST	C.Discretionary	1.85%	14.20%	10	38.67%	190	71	YES
WHOLE FOODS MARKET	C.Staples	1.83%	27.66%	166	18.57%	5	111	YES
DOMINION RESOURCES	Utilities	1.82%	16.43%	31	25.28%	32	31	YES
CHIPOTLE MEXN.GRILL	C.Discretionary	1.69%	33.22%	202	15.99%	3	134	YES
NEWMONT MINING	Materials	1.67%	44.69%	236	7.71%	1	156	YES
DOW CHEMICAL	Materials	1.66%	16.06%	26	37.28%	175	76	YES
VERIZON COMMUNICATIONS	Telecom.	1.66%	14.79%	13	33.93%	135	54	YES
3M	Industrials	1.65%	13.41%	7	42.11%	224	80	YES
MCDONALDS	C.Discretionary	1.62%	15.46%	21	33.88%	132	58	YES
AMER.ELEC.PWR.CO	Utilities	1.59%	16.54%	33	24.34%	26	30	YES

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