

# FTSE 100 Minimum Variance Index TR

Rebalancing Report - 19-Sep-2016

## Stock Statistics

The FTSE Minimum Variance Index NR rebalances quarterly (March, June, September and December), on the 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 wednesday before the first Friday of the quarter. Both the FTSE 100 Minimum Variance Index TR and the benchmark FTSE 100 Index TR are computed in GBP. The calculations in the document are performed by Ossiam using FTSE /Datastream source.

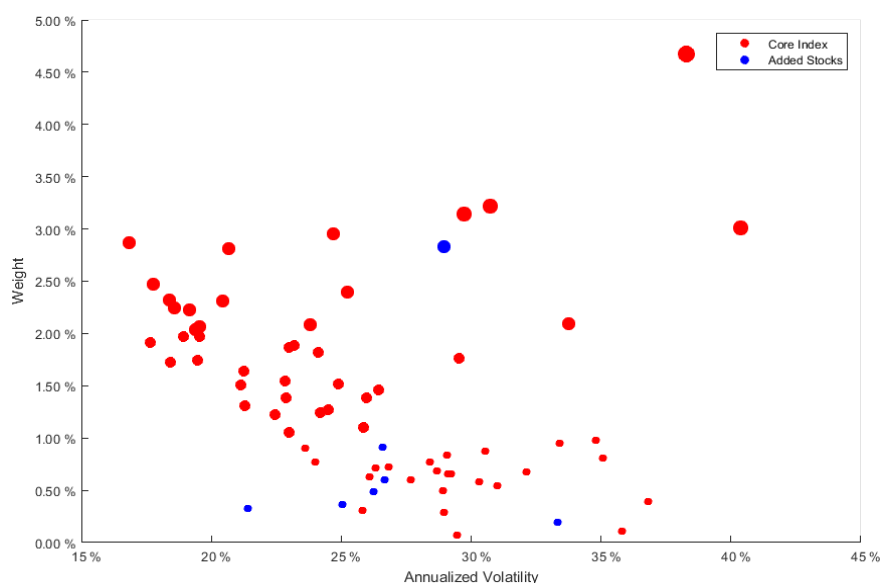
The number of constituents in the index decreased from **71** to **70**. The Turnover is **27.71%**, higher than its historical mean at **24.35%**. The weight of the Index Core Portfolio decreased from **95.50%** to **94.29%**.

Characteristics	19-Sep-2016
Number of Stocks	70
Added Stocks	7
Deleted Stocks	8
Core Number	63
Old weight of Core	95.50%
New weight of Core	94.29%
Turnover	27.71%
Historical Turnover	24.35%

Added and deleted stocks are relative to 19-Sep-2016. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

## Volatility/Weight profile

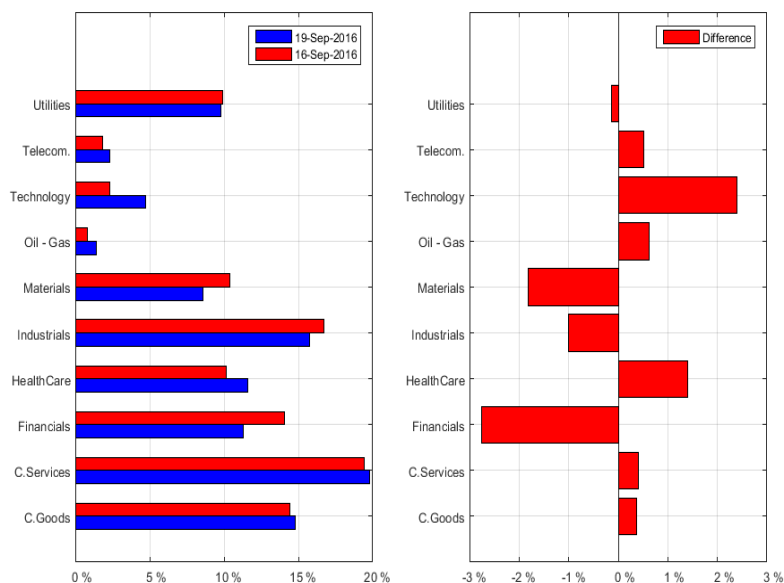
The chart on the right shows the distribution of the new FTSE 100 Minimum Variance Index TR composition on 19-Sep-2016 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 500 days ending on 31-Aug-2016. On the upper left corner we find low volatile stocks with big 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.



## Sector Allocation

The most significant changes in sector exposures are: **-2.76%** for Financials, **2.40%** for Technology, **-1.81%** for Materials. The biggest sector exposures are: **19.80%** for C.Services, **15.74%** for Industrials, **14.81%** for C.Goods.

	Close	Open	Difference
C.Goods	14.44%	14.81%	0.37%
C.Services	19.41%	19.80%	0.40%
Financials	14.04%	11.28%	-2.76%
HealthCare	10.16%	11.57%	1.41%
Industrials	16.75%	15.74%	-1.00%
Materials	10.36%	8.56%	-1.81%
Oil - Gas	0.81%	1.43%	0.62%
Technology	2.32%	4.72%	2.40%
Telecom.	1.82%	2.33%	0.51%
Utilities	9.90%	9.76%	-0.13%

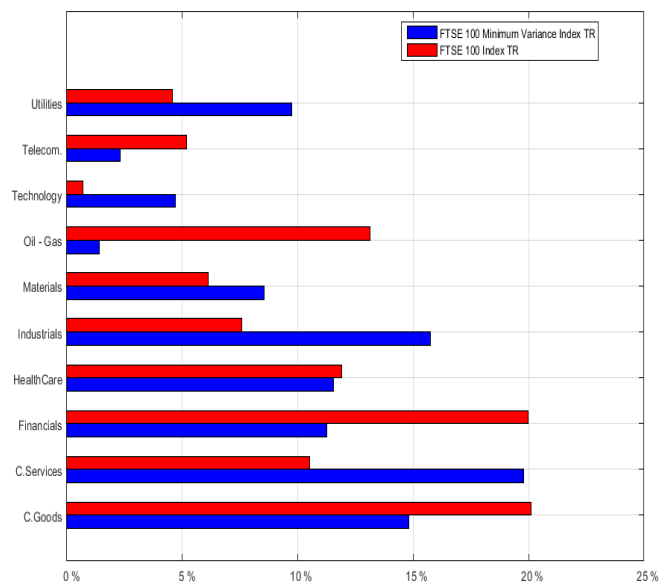


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 16-Sep-2016 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 19-Sep-2016.

## Sector breakdown vs. benchmark

The FTSE 100 Minimum Variance Index TR overweights C.Services (**9.28%**) and Industrials (**8.13%**) compared to FTSE 100 Index TR. The FTSE 100 Minimum Variance Index TR underweights Oil - Gas (**-11.73%**) and Financials (**-8.69%**) compared to FTSE 100 Index TR.

	BE	MV	Diff.	Volatility	
				BE	MV
C.Goods	20.12%	14.81%	-5.30%	16.21%	16.26%
C.Services	10.52%	19.80%	9.28%	17.14%	16.09%
Financials	19.97%	11.28%	-8.69%	22.97%	18.29%
HealthCare	11.93%	11.57%	-0.36%	19.63%	17.50%
Industrials	7.61%	15.74%	8.13%	17.88%	16.77%
Materials	6.16%	8.56%	2.40%	38.90%	33.99%
Oil - Gas	13.16%	1.43%	-11.73%	27.39%	27.44%
Technology	0.73%	4.72%	3.99%	21.09%	22.53%
Telecom.	5.20%	2.33%	-2.87%	20.40%	20.46%
Utilities	4.60%	9.76%	5.16%	16.57%	16.37%



The table below shows, for each sector, the weight in the FTSE 100 Minimum Variance Index TR (MV), in the benchmark FTSE 100 Index TR (BE) and their difference. We also show the annualized volatility of each sector in the FTSE 100 Minimum Variance Index TR and in the benchmark. Annualized volatilities are computed using 500 business days ending on 31-Aug-2016

## Added Stocks

The rebalancing has added 7 new stocks. In the table below, T is the current rebalancing date (19-Sep-2016), while T-1 is the previous rebalancing date (20-Jun-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 500 business days ending, respectively, on 06-Jun-2016 and 31-Aug-2016. The average daily volumes ADV(T-1) and ADV(T), expressed in mln GBP, are computed over 500 business days ending on the same dates as before, with the relative ranking over the benchmark FTSE 100 Index TR. 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
ASHTHEAD GROUP	Industrials	33.23%	33.34%	0.19%	19.88 (62)	24.06 (58)	Y	Y	Y
CARNIVAL	C.Services	26.41%	26.66%	0.60%	23.30 (55)	24.55 (56)	Y	Y	Y
INTU PROPERTIES	Financials	21.06%	25.05%	0.36%	7.15 (97)	10.80 (94)	Y	N	N
JOHNSON MATTHEY	Materials	25.38%	26.26%	0.48%	12.56 (83)	18.36 (68)	Y	Y	Y
MICRO FOCUS INTL	Technology	Inf%	28.97%	2.83%	-Inf (101)	12.75 (87)	N	N	N
SMITHS GROUP	Industrials	Inf%	26.58%	0.92%	-Inf (104)	17.80 (70)	N	N	N
WPP	C.Services	20.51%	21.39%	0.33%	50.70 (24)	60.03 (23)	Y	Y	Y

The Column B shows whenever the added stock was in the FTSE 100 Index TR 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.

## Deleted Stocks

The rebalancing has deleted 8 new stocks. In the table below, T is the current rebalancing date (19-Sep-2016), while T-1 is the previous rebalancing date (20-Jun-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 500 business days ending, respectively, on 06-Jun-2016 and 31-Aug-2016. The average daily volumes ADV(T-1) and ADV(T), expressed in mln GBP, are computed over 500 business days ending on the same dates as before, with the relative ranking over the benchmark FTSE 100 Index TR. 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
BABCOCK INTL.GP	Industrials	22.30%	23.93%	1.75%	8.64 (95)	10.01 (97)	Y	N	N
BARRATT DEVS	C.Goods	27.41%	37.84%	0.19%	18.60 (64)	27.68 (54)	Y	Y	Y
BERKELEY GROUP	C.Goods	29.56%	Inf%	0.52%	24.06 (53)	-Inf (104)	N	N	N
ITV	C.Services	23.96%	30.34%	0.36%	37.20 (31)	37.90 (40)	Y	Y	Y
LEGAL & GENERAL	Financials	22.22%	30.62%	0.37%	34.16 (37)	48.63 (30)	Y	Y	Y
PERSIMMON	C.Goods	26.77%	36.65%	0.33%	21.53 (59)	38.61 (39)	Y	Y	Y
PROVIDENT FINANCIAL	Financials	23.64%	29.10%	0.91%	9.86 (91)	10.19 (96)	Y	N	N
TAYLOR WIMPEY	C.Goods	28.25%	39.27%	0.08%	24.38 (50)	44.05 (35)	Y	Y	Y

The Column B shows whenever the deleted stock was in the FTSE 100 Index TR selection as of 19-Sep-2016. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 19-Sep-2016.

## Ranking Index Constituents - Top 25

The table shows the top 25 positions in the FTSE 100 Minimum Variance Index TR as of 19-Sep-2016. The column WW indicates the weights in the FTSE 100 Minimum Variance Index TR as of 19-Sep-2016. The column Vol gives the annualized volatility computed over 500 business days ending on 31-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 31-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 FTSE 100 Minimum Variance Index TR already (YES) or it entered at this rebalancing (NO).

	Sector	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
RANDGOLD RESOURCES	Materials	4.67%	38.27%	87	-6.68%	1	57	YES
PADDY POWER BETFAIR	C.Services	3.22%	30.73%	69	16.51%	3	46	YES
MEDICLINIC INTL	HealthCare	3.14%	29.74%	62	16.59%	4	42	YES
FRESNILLO	Materials	3.01%	40.39%	90	6.90%	2	60	YES
SABMILLER	C.Goods	2.96%	24.68%	31	25.43%	6	22	YES
NATIONAL GRID	Utilities	2.87%	16.84%	1	37.72%	32	11	YES
MICRO FOCUS INTL	Technology	2.83%	28.97%	54	26.74%	7	38	NO
DIRECT LINE IN.GP	Financials	2.82%	20.69%	14	38.29%	35	21	YES
SEVERN TRENT	Utilities	2.47%	17.75%	3	41.66%	56	21	YES
ROYAL MAIL	Industrials	2.40%	25.22%	34	34.20%	18	28	YES
RECKITT BENCKISER GP	C.Goods	2.32%	18.40%	4	39.82%	43	17	YES
IMPERIAL BRANDS	C.Goods	2.32%	20.45%	13	35.30%	23	16	YES
COMPASS GROUP	C.Services	2.24%	18.59%	6	38.17%	34	15	YES
DIAGEO	C.Goods	2.22%	19.15%	8	38.78%	39	18	YES
HIKMA PHARMS	HealthCare	2.09%	33.75%	76	21.31%	5	51	YES
DCC	Industrials	2.09%	23.81%	26	35.87%	25	25	YES
UNITED UTILITIES GP	Utilities	2.07%	19.56%	11	39.87%	44	22	YES
BAE SYSTEMS	Industrials	2.04%	19.41%	9	44.92%	74	31	YES
GLAXOSMITHKLINE	HealthCare	1.97%	19.56%	12	39.78%	42	22	YES
BRITISH AMER.TOB	C.Goods	1.97%	18.92%	7	40.67%	49	21	YES
BUNZL	Industrials	1.91%	17.67%	2	47.46%	83	29	YES
THE SAGE GROUP	Technology	1.89%	23.19%	24	38.31%	36	28	YES
ASTRAZENECA	HealthCare	1.86%	22.98%	22	35.23%	22	22	YES
ADMIRAL GROUP	Financials	1.82%	24.11%	28	37.45%	31	29	YES
RSA INSURANCE GROUP	Financials	1.76%	29.54%	60	32.11%	14	44	YES

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