

FTSE 100 Minimum Variance Index TR

Rebalancing Report - 20-Mar-2017

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.

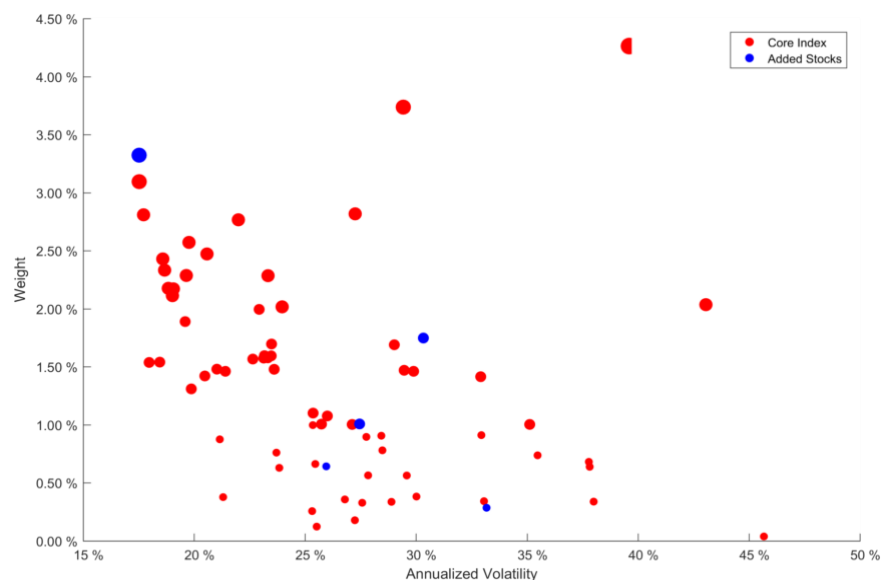
The number of constituents in the index is stable. The Turnover is **24.74%**, in line with its historical mean at **24.23%**. The weight of the Index Core Portfolio decreased from **95.03%** to **92.99%**.

Characteristics	20-Mar-2017
Number of Stocks	71
Added Stocks	5
Deleted Stocks	5
Core Number	66
Old weight of Core	95.03%
New weight of Core	92.99%
Turnover	24.74%
Historical Turnover	24.23%

Added and deleted stocks are relative to 20-Mar-2017. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

Volatility/Weight profile

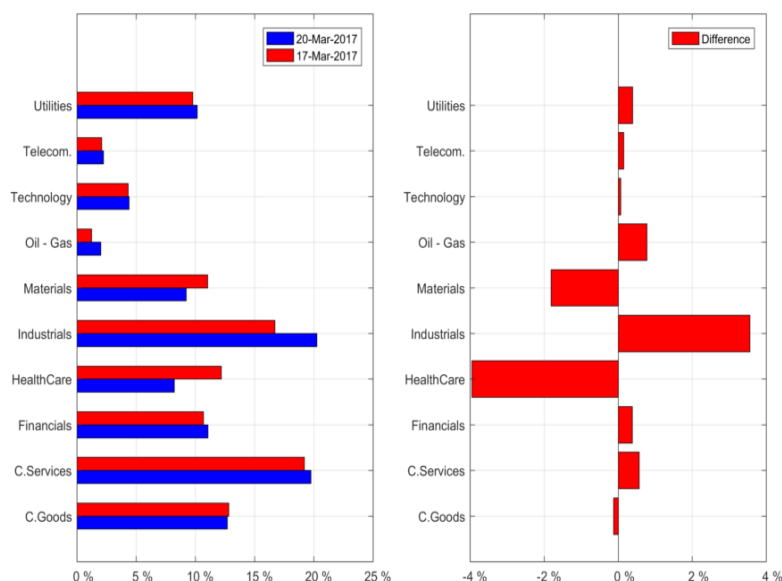
The chart on the right shows the distribution of the new FTSE 100 Minimum Variance Index TR composition on 20-Mar-2017 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 500 days ending on 01-Mar-2017. On the upper left corner we find low volatile stocks with big 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: **-3.95%** for HealthCare, **3.56%** for Industrials, **-1.82%** for Materials. The biggest sector exposures are: **20.26%** for Industrials, **19.76%** for C.Services, **12.68%** for C.Goods.

	Close	Open	Diff.
C.Goods	12.80%	12.68%	-0.12%
C.Services	19.19%	19.76%	0.57%
Financials	10.67%	11.05%	0.38%
HealthCare	12.18%	8.23%	-3.95%
Industrials	16.70%	20.26%	3.56%
Materials	11.04%	9.22%	-1.82%
Oil - Gas	1.23%	2.01%	0.78%
Technology	4.33%	4.39%	0.07%
Telecom.	2.10%	2.24%	0.15%
Utilities	9.77%	10.16%	0.39%

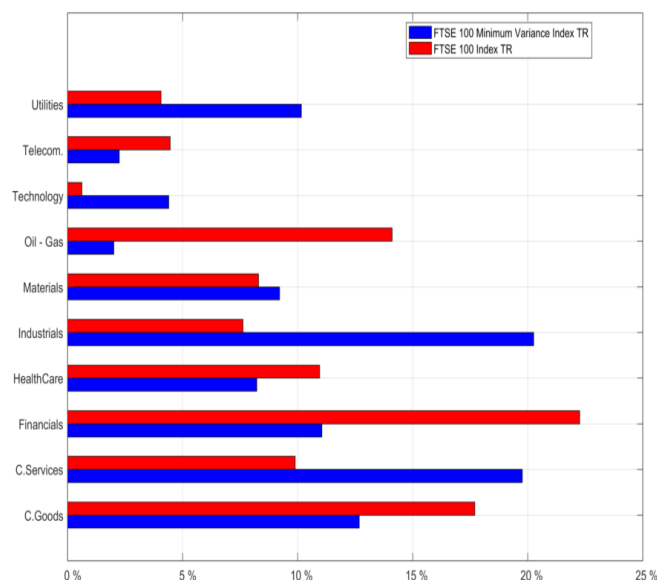


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 17-Mar-2017 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 20-Mar-2017.

Sector breakdown vs. benchmark

The FTSE 100 Minimum Variance Index TR overweights Industrials (**12.63%**) and C.Services (**9.86%**) compared to FTSE 100 Index TR. The FTSE 100 Minimum Variance Index TR underweights Oil - Gas (**-12.09%**) and Financials (**-11.21%**) compared to FTSE 100 Index TR.

	Vol.			Vol.	
	B	S	Diff.	B	S
C.Goods	17.70%	12.68%	-5.02%	16.41%	16.52%
C.Services	9.90%	19.76%	9.86%	16.79%	15.86%
Financials	22.26%	11.05%	-11.21%	23.33%	18.51%
HealthCare	10.96%	8.23%	-2.73%	19.00%	18.89%
Industrials	7.62%	20.26%	12.63%	17.26%	15.15%
Materials	8.30%	9.22%	0.92%	41.75%	28.19%
Oil - Gas	14.10%	2.01%	-12.09%	26.49%	26.09%
Technology	0.62%	4.39%	3.77%	21.03%	22.33%
Telecom.	4.46%	2.24%	-2.22%	20.46%	20.51%
Utilities	4.07%	10.16%	6.09%	16.81%	16.53%



The table below shows, for each sector, the weight in the FTSE 100 Minimum Variance Index TR (S), in the benchmark FTSE 100 Index TR (B) 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 01-Mar-2017

Added Stocks

The rebalancing has added 5 new stocks. In the table below, T is the current rebalancing date (20-Mar-2017), while T-1 is the previous rebalancing date (19-Dec-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 500 business days ending, respectively, on 05-Dec-2016 and 01-Mar-2017. 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	T-1	T	Vol WW(T)	T-1	ADV T	B	LF	EU
COCA COLA HBC AG	C.Goods	27.95%	25.95%	0.64%	9.03(100)	9.92(94)	Y	N	N
RENTOKIL INITIAL PLC.	Industrials	Inf%	17.52%	3.32%	-Inf(103)	11.14(91)	N	N	N
ROYAL DUTCH SHELL	Oil - Gas	28.99%	27.45%	1.01%	137.81(9)	116.94(11)	Y	Y	Y
SMURFIT KAPPA GROUP PLC.	Industrials	30.38%	30.33%	1.75%	9.57(99)	12.33(90)	Y	N	N
TESCO PLC.	C.Services	34.80%	33.18%	0.29%	65.27(23)	70.66(22)	Y	Y	Y

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

Deleted Stocks

The rebalancing has deleted 5 new stocks. In the table below, T is the current rebalancing date (20-Mar-2017), while T-1 is the previous rebalancing date (19-Dec-2016). Vol(T-1) and Vol(T) are the annualized volatilities computed over 500 business days ending, respectively, on 05-Dec-2016 and 01-Mar-2017. 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	T-1	T	Vol WW(T-1)	T-1	ADV T	B	LF	EU
CAPITA PLC.	Industrials	32.27%	Inf%	0.90%	24.75(60)	-Inf(103)	N	N	N
DIXONS CARPHONE PLC.	C.Services	29.47%	Inf%	0.35%	14.20(88)	-Inf(101)	N	N	N
ICTL.HOTELS GROUP PLC.	C.Services	25.74%	25.28%	0.09%	24.03(61)	23.16(62)	Y	Y	Y
MEDICLINIC INTL.PLC.	HealthCare	31.91%	32.09%	3.03%	13.72(89)	8.87(96)	Y	N	N
ROYAL DUTCH SHELL	Oil - Gas	30.11%	28.53%	0.60%	-Inf(101)	-Inf(102)	Y	N	N

The Column B shows whenever the deleted stock was in the FTSE 100 Index TR selection as of 20-Mar-2017. The columns LF/EU show whenever the stock was selected by the liquidity filter/eligible universe as of 20-Mar-2017.

Ranking Index Constituents - Top 25

The table shows the top 25 positions in the FTSE 100 Minimum Variance Index TR as of 20-Mar-2017. The column WW indicates the weights in the FTSE 100 Minimum Variance Index TR as of 20-Mar-2017. The column Vol gives the annualized volatility computed over 500 business days ending on 01-Mar-2017. 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 01-Mar-2017. 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 LTD.	Materials	4.26%	39.60%	95	-2.98%	1	63	YES
PADDY POWER BETFAIR PLC.	C.Services	3.74%	29.42%	66	16.16%	4	44	YES
RENTOKIL INITIAL PLC.	Industrials	3.32%	17.52%	1	36.45%	44	15	NO
NATIONAL GRID PLC.	Utilities	3.10%	17.53%	2	33.50%	25	9	YES
MICRO FOCUS INTL.PLC.	Technology	2.82%	27.25%	52	27.85%	11	38	YES
SEVERN TRENT PLC.	Utilities	2.81%	17.72%	3	37.65%	54	20	YES
DIRECT LINE IN.GP.PLC.	Financials	2.77%	21.99%	24	34.76%	32	26	YES
BAE SYSTEMS PLC.	Industrials	2.57%	19.77%	13	38.48%	60	28	YES
IMPERIAL BRANDS PLC.	C.Goods	2.47%	20.58%	17	32.30%	22	18	YES
DIAGEO PLC.	C.Goods	2.43%	18.59%	6	37.43%	51	21	YES
RECKITT BENCKISER GP.PLC	C.Goods	2.33%	18.67%	7	37.96%	59	24	YES
CRODA INTERNATIONAL PLC.	Materials	2.29%	19.65%	12	39.54%	65	30	YES
ROYAL MAIL PLC.	Industrials	2.29%	23.33%	30	34.87%	33	31	YES
GLAXOSMITHKLINE PLC.	HealthCare	2.18%	18.84%	8	38.49%	61	26	YES
UNITED UTILITIES GP.PLC.	Utilities	2.17%	19.07%	10	37.76%	55	25	YES
BRITISH AMER.TOB.PLC.	C.Goods	2.11%	19.02%	9	37.57%	53	23	YES
FRESNILLO PLC.	Materials	2.04%	43.06%	97	9.68%	3	65	YES
DCC PLC.	Industrials	2.02%	23.97%	36	33.63%	27	32	YES
ADMIRAL GROUP PLC.	Financials	1.99%	22.93%	26	37.37%	49	33	YES
COMPASS GROUP PLC.	C.Services	1.89%	19.60%	11	35.71%	39	20	YES
SMURFIT KAPPA GROUP PLC.	Industrials	1.75%	30.33%	73	28.71%	13	52	NO
ASTRAZENECA PLC.	HealthCare	1.70%	23.49%	32	33.56%	26	29	YES
RSA INSURANCE GROUP PLC.	Financials	1.69%	29.02%	64	30.47%	16	47	YES
INTERTEK GROUP PLC.	Industrials	1.60%	23.17%	28	36.50%	45	33	YES
BABCOCK INTL.GP.PLC.	Industrials	1.59%	23.47%	31	39.54%	66	42	YES

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