

## Japan Minimum Variance Index NR

Rebalancing Report - 18-Feb-2019

### Stock Statistics

The Japan 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 four days prior to the third Friday. Both the Japan Minimum Variance Index NR and the benchmark S&P TOPIX 150 Index NR are computed in JPY. The calculations in the document are performed by Ossiam using S&P /Datastream source.

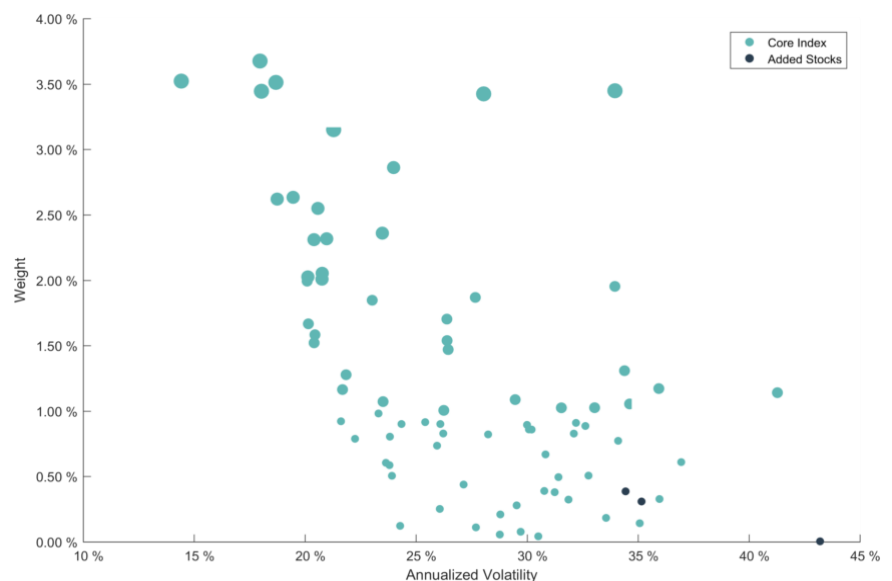
The number of constituents in the index decreased from **82** to **80**. The Turnover is **17.17%**, lower than its historical mean at **23.41%**. The weight of the Index Core Portfolio is stable.

Characteristics	18-Feb-2019
Number of Stocks	80
Added Stocks	3
Deleted Stocks	5
Core Number	77
Old weight of Core	99.00%
New weight of Core	99.30%
Turnover	17.17%
Historical Turnover	23.41%

Added and deleted stocks are relative to 18-Feb-2019. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

### Volatility/Weight profile

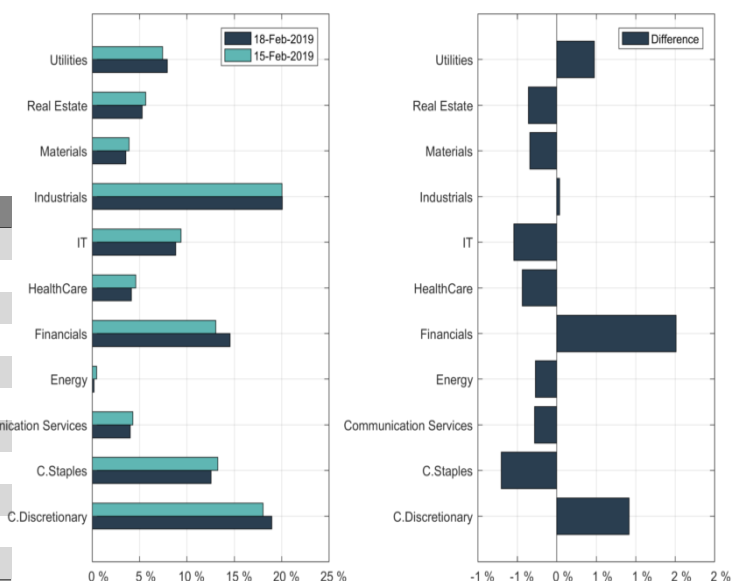
The chart on the right shows the distribution of the new Japan Minimum Variance Index NR composition on 18-Feb-2019 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 08-Feb-2019. On the upper left corner we find low volatile stocks with big weight 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: **1.51%** for Financials, **0.92%** for C.Discretionary. The biggest sector exposures are: **20.08%** for Industrials , **18.95%** for C.Discretionary , **14.56%** for Financials .

	PREV.	CURR.	Diff.
C.Discretionary	18.03%	18.95%	0.92%
C.Staples	13.25%	12.55%	-0.70%
Communication Services	4.28%	4.00%	-0.28%
Energy	0.45%	0.18%	-0.27%
Financials	13.05%	14.56%	1.51%
HealthCare	4.58%	4.14%	-0.44%
IT	9.36%	8.82%	-0.54%
Industrials	20.04%	20.08%	0.04%
Materials	3.89%	3.54%	-0.34%
Real Estate	5.63%	5.27%	-0.36%
Utilities	7.43%	7.91%	0.48%

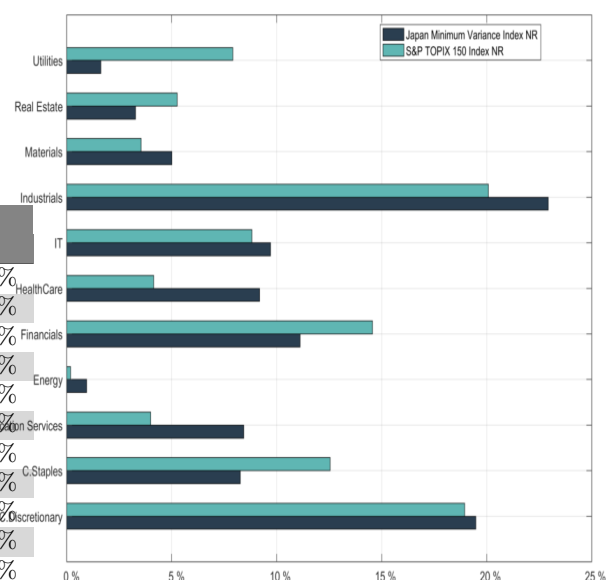


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 15-Feb-2019 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 18-Feb-2019.

## Sector breakdown vs. benchmark

The Japan Minimum Variance Index NR overweights Utilities by **6.27%** and C.Staples by **4.27%** compared to S&P TOPIX 150 Index NR. The Japan Minimum Variance Index NR underweights HealthCare by **-5.05%** and Communication Services by **-4.43%** compared to S&P TOPIX 150 Index NR.

				Vol.	
	B	S	Diff.	B	S
C.Discretionary	19.49%	18.95%	-0.53%	19.00%	15.37%
C.Staples	8.27%	12.55%	4.27%	19.24%	16.23%
Communication Services	8.43%	4.00%	-4.43%	28.85%	23.58%
Energy	0.96%	0.18%	-0.77%	35.08%	33.56%
Financials	11.11%	14.56%	3.45%	18.63%	16.63%
HealthCare	9.19%	4.14%	-5.05%	22.25%	21.77%
IT	9.70%	8.82%	-0.89%	25.36%	17.23%
Industrials	22.93%	20.08%	-2.85%	19.30%	14.08%
Materials	5.01%	3.54%	-1.46%	22.40%	22.14%
Real Estate	3.28%	5.27%	1.98%	21.14%	20.72%
Utilities	1.63%	7.91%	6.27%	21.24%	18.30%



The table above shows, for each sector, the weight in the Japan Minimum Variance Index NR (S), in the benchmark S&P TOPIX 150 Index NR (B) and their difference. We also show the annualized volatility of each sector in the Japan Minimum Variance Index NR and in the benchmark. Annualized volatilities are computed using 125 business days ending on 08-Feb-2019

## Added Stocks

The rebalancing has added 3 new stocks. In the table below, T is the current rebalancing date (18-Feb-2019), while T-1 is the previous rebalancing date (21-Jan-2019). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 08-Feb-2019 and 11-Jan-2019. The average daily volumes ADV(T-1) and ADV(T), expressed in mln JPY, are computed over 50 business days ending on the same dates as before, with the relative ranking over the benchmark S&P TOPIX 150 Index NR. WW(T) is the stock weight at the current rebalancing date. Finally, the column Reason Excl. details the reasons of exclusion at the previous rebalancing.

Name	Sector	WW(T)	Vol		ADV		Reason Exclusion
			T-1	T	T-1	T	
EISAI CO.LTD.	HealthCare	0.31%	46.76%	35.16%	8591.77(55)	7930.62(53)	Excl. Minimum Variance
SHISEIDO CO.LTD.	C.Staples	0.00%	43.07%	43.20%	19585.42(16)	19097.84(14)	Excl. Minimum Variance
YAMATO HOLDINGS CO.LTD.	Industrials	0.39%	35.96%	34.44%	4723.45(103)	4050.70(109)	Excl. Minimum Variance

## Deleted Stocks

The rebalancing has deleted 5 new stocks. In the table below, T is the current rebalancing date (18-Feb-2019), while T-1 is the previous rebalancing date (21-Jan-2019). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 08-Feb-2019 and 11-Jan-2019. The average daily volumes ADV(T-1) and ADV(T), expressed in mln JPY, are computed over 50 business days ending on the same dates as before, with the relative ranking over the benchmark S&P TOPIX 150 Index NR. WW(T-1) is the stock weight at the previous rebalancing date. Finally, the column Reason Excl. details the reasons of exclusion at the current rebalancing.

Name	Sector	WW(T-1)	Vol		ADV		Reason Exclusion
			T-1	T	T-1	T	
KAWASAKI HVY.INDS.LTD.	Industrials	0.08%	28.19%	29.36%	2635.80(139)	2622.74(131)	Excl. Minimum Variance
MITSUBISHI CHM.HDG.CORP.	Materials	0.03%	27.71%	29.53%	5474.95(92)	5458.61(88)	Excl. Minimum Variance
mitsui & CO.LTD.	Industrials	0.20%	24.47%	25.22%	10104.24(43)	9270.18(43)	Excl. Minimum Variance
SHIONOGI & COMPANY LTD.	HealthCare	0.10%	27.58%	27.79%	10299.89(42)	9764.34(41)	Excl. Minimum Variance
TOKYU CORPORATION	Industrials	0.59%	23.57%	23.69%	2663.11(138)	2315.06(141)	Excl. Liquidity

## Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Japan Minimum Variance Index NR as of 18-Feb-2019. The column WW indicates the weights in the Japan Minimum Variance Index NR as of 18-Feb-2019. The column Vol gives the annualized volatility computed over 125 business days ending on 08-Feb-2019. 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 08-Feb-2019. 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 Japan Minimum Variance Index NR already (YES) or it entered at this rebalancing (NO).

	Sector	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
JAPAN TOBACCO INCO.	C.Staples	3.68%	17.97%	2	29.03%	27	10	YES
MIZUHO FINL.GP.INCO.	Financials	3.52%	14.42%	1	41.49%	127	43	YES
KYUSHU ELEC.PWR.CO.INCO.	Utilities	3.51%	18.68%	5	26.20%	12	7	YES
TOSHIBA CORPORATION	Industrials	3.45%	33.96%	109	14.43%	1	72	YES
MITSUB.HEAVY INDS.LTD.	Industrials	3.44%	18.03%	3	33.53%	55	20	YES
NITORI HOLDINGS CO.LTD.	C.Discretionary	3.42%	28.05%	60	17.94%	2	40	YES
JAPAN AIRLINES CO.LTD.	Industrials	3.15%	21.28%	19	26.63%	13	16	YES
NEC CORPORATION	IT	2.86%	23.99%	34	25.46%	10	25	YES
ANA HOLDINGS INCO.	Industrials	2.63%	19.46%	7	33.61%	57	24	YES
MS&AD IN.GP.HDG.INCO.	Financials	2.62%	18.74%	6	37.33%	86	33	YES
TOKYO GAS COMPANY LTD.	Utilities	2.55%	20.58%	14	31.42%	42	23	YES
SHIMANO INCO.	C.Discretionary	2.36%	23.48%	27	31.59%	45	33	YES
SEVEN & I HDG.CO.LTD.	C.Staples	2.32%	20.97%	17	32.53%	50	28	YES
NISSAN MOTOR CO.LTD.	C.Discretionary	2.31%	20.40%	11	37.97%	94	39	YES
BRIDGESTONE CORPORATION	C.Discretionary	2.05%	20.77%	16	38.54%	101	44	YES
CANON INCO.	IT	2.03%	20.12%	9	40.76%	121	47	YES
WEST JAPAN RAILWAY CO.	Industrials	2.01%	20.76%	15	34.81%	67	32	YES
SUMIT.REAL.&DEV.CO.LTD.	Real Estate	1.99%	20.09%	8	38.52%	99	38	YES
DAITO TRUST CON.CO.LTD.	Real Estate	1.95%	33.96%	108	20.53%	3	72	YES
FUJITSU LIMITED	IT	1.87%	27.67%	55	29.96%	33	47	YES
RESONA HOLDINGS INCO.	Financials	1.85%	23.02%	24	35.54%	73	40	YES
AJINOMOTO CO.INCO.	C.Staples	1.70%	26.39%	49	28.03%	18	38	YES
SEKISUI HSE.LTD.	C.Discretionary	1.67%	20.15%	10	41.07%	124	48	YES
SECOM CO.LTD.	Industrials	1.58%	20.44%	13	40.63%	119	49	YES
ASAHI GROUP HDG.LTD.	C.Staples	1.54%	26.40%	50	31.40%	40	46	YES

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