

## FTSE 100 Minimum Variance TR

Rebalancing Report - 24-Sep-2018

### 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 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.

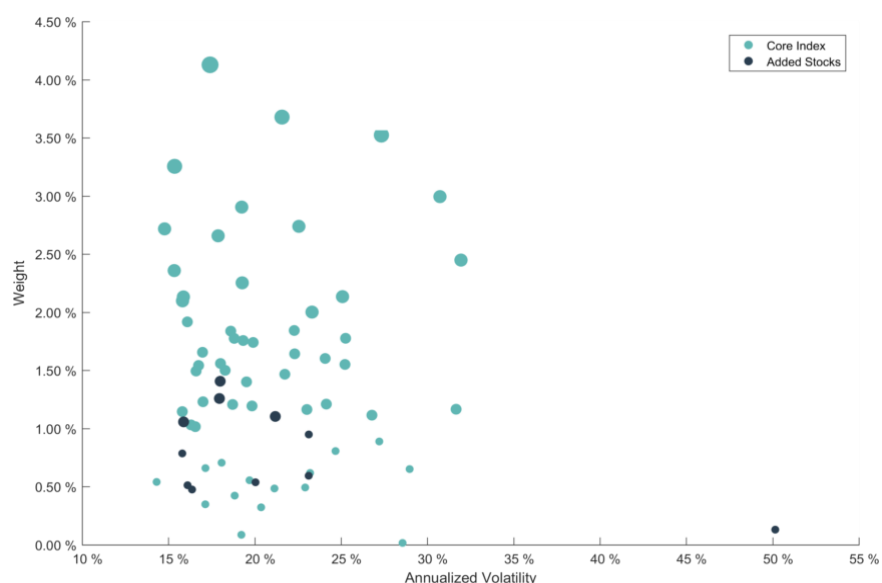
The number of constituents in the index increased from **68** to **69**. The Turnover is **62.44%**, higher than its historical mean at **24.93%**. The weight of the Index Core Portfolio is stable.

Characteristics	24-Sep-2018
Number of Stocks	69
Added Stocks	11
Deleted Stocks	10
Core Number	58
Old weight of Core	91.71%
New weight of Core	91.18%
Turnover	62.44%
Historical Turnover	24.93%

Added and deleted stocks are relative to 24-Sep-2018. The Core is defined as the subset of stocks that belong to the current as well as the previous composition.

### Volatility/Weight profile

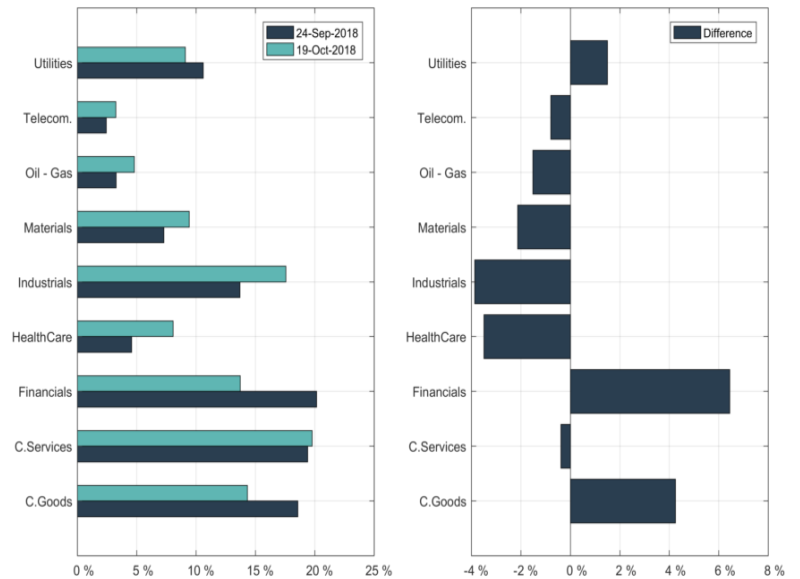
The chart on the right shows the distribution of the new FTSE 100 Minimum Variance TR composition on 24-Sep-2018 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 500 days ending on 05-Sep-2018. On the upper left corner we find low volatile stocks with big weight 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: **6.45%** for Financials, **4.25%** for C.Goods, **-3.87%** for Industrials. The biggest sector exposures are: **20.16%** for Financials, **19.39%** for C.Services, **18.57%** for C.Goods.

	PREV.	CURR.	Diff.
C.Goods	14.32%	18.57%	4.25%
C.Services	19.78%	19.39%	-0.39%
Financials	13.71%	20.16%	6.45%
HealthCare	8.07%	4.58%	-3.49%
Industrials	17.57%	13.70%	-3.87%
Materials	9.43%	7.30%	-2.14%
Oil - Gas	4.79%	3.28%	-1.51%
Telecom.	3.23%	2.44%	-0.80%
Utilities	9.10%	10.60%	1.50%

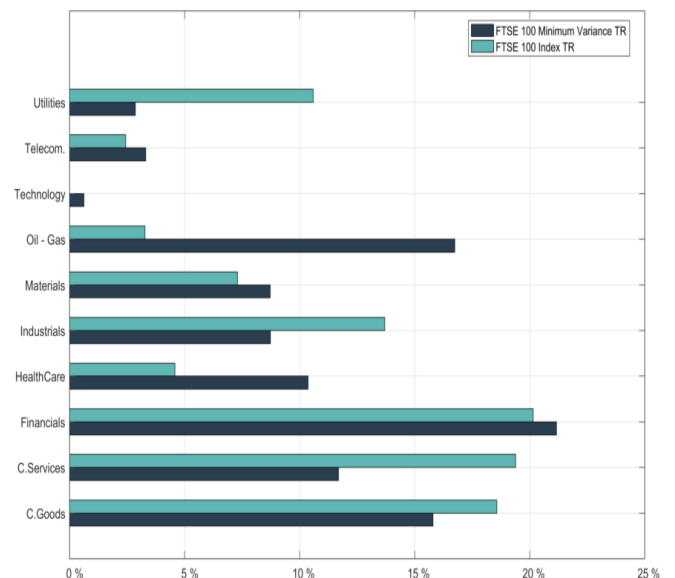


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 19-Oct-2018 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 24-Sep-2018.

## Sector breakdown vs. benchmark

The FTSE 100 Minimum Variance TR overweights Utilities by **7.73%** and C.Services by **7.70%** compared to FTSE 100 Index TR. The FTSE 100 Minimum Variance TR underweights Oil - Gas by **-13.46%** and HealthCare by **-5.79%** compared to FTSE 100 Index TR.

	B	S	Diff.	Vol.	
				B	S
C.Goods	15.79%	18.57%	2.78%	13.14%	11.26%
C.Services	11.69%	19.39%	7.70%	10.39%	10.72%
Financials	21.16%	20.16%	-1.01%	12.96%	11.05%
HealthCare	10.37%	4.58%	-5.79%	15.64%	15.00%
Industrials	8.73%	13.70%	4.97%	12.41%	11.64%
Materials	8.72%	7.30%	-1.42%	24.47%	19.51%
Oil - Gas	16.74%	3.28%	-13.46%	17.73%	17.54%
Technology	0.62%	-	-0.62%	26.56%	-
Telecom.	3.31%	2.44%	-0.88%	16.49%	20.68%
Utilities	2.86%	10.60%	7.73%	14.22%	14.40%



The table above shows, for each sector, the weight in the FTSE 100 Minimum Variance 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 TR and in the benchmark. Annualized volatilities are computed using 500 business days ending on 03-Oct-2018

## Added Stocks

The rebalancing has added 11 new stocks. In the table below, T is the current rebalancing date (24-Sep-2018), while T-1 is the previous rebalancing date (18-Jun-2018). Vol(T-1) and Vol(T) are the annualized volatilities computed over 500 business days ending, respectively, on 05-Sep-2018 and 30-May-2018. The average daily volumes ADV(T-1) and ADV(T), expressed in mln GBP, are computed over 50 business days ending on the same dates as before, with the relative ranking over the benchmark FTSE 100 Index TR. 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	
ADMIRAL GROUP PLC.	Financials	1.26%	20.32%	17.95%	11.60(100)	13.21(94)	Excl. Liquidity
AVIVA PLC.	Financials	0.51%	23.24%	16.11%	52.93(26)	49.52(24)	Excl. Minimum Variance
BARRATT DEVS.PLC.	C.Goods	0.59%	35.66%	23.12%	19.35(80)	22.77(60)	Excl. Minimum Variance
BRITISH LAND CO.PLC.	Financials	0.48%	24.78%	16.37%	19.80(78)	16.82(79)	Excl. Minimum Variance
EVRAZ PLC.	Materials	0.13%	53.14%	50.15%	17.26(90)	12.47(96)	Excl. Minimum Variance
HARGREAVES LANSDOWN PLC.	Financials	0.54%	26.55%	20.04%	13.56(95)	18.48(71)	Excl. Minimum Variance
LEGAL & GENERAL	Financials	1.06%	26.33%	15.88%	44.13(34)	40.16(31)	Excl. Minimum Variance
MARKS & SPENCER GP.PLC.	C.Services	0.95%	28.08%	23.13%	28.83(56)	18.01(73)	Excl. Minimum Variance
RIGHTMOVE PLC.	C.Services	1.41%	Inf%	18.00%	-Inf(101)	14.38(89)	NewInBenchark
SEGRO PLC.	Financials	0.79%	20.46%	15.80%	13.56(96)	13.98(90)	Excl. Liquidity
TAYLOR WIMPEY PLC.	C.Goods	1.10%	35.72%	21.19%	24.70(65)	22.24(62)	Excl. Minimum Variance

## Deleted Stocks

The rebalancing has deleted 10 new stocks. In the table below, T is the current rebalancing date (24-Sep-2018), while T-1 is the previous rebalancing date (18-Jun-2018). Vol(T-1) and Vol(T) are the annualized volatilities computed over 500 business days ending, respectively, on 05-Sep-2018 and 30-May-2018. The average daily volumes ADV(T-1) and ADV(T), expressed in mln GBP, are computed over 50 business days ending on the same dates as before, with the relative ranking over the benchmark FTSE 100 Index TR. 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	
ASHTHEAD GROUP PLC.	Industrials	0.36%	26.21%	25.35%	35.58(45)	34.27(37)	Excl. Minimum Variance
DCC PLC.	Industrials	1.62%	18.79%	18.10%	20.45(77)	13.84(92)	InPortfolio
MELROSE INDUSTRIES LTD.	Industrials	1.68%	43.64%	25.73%	55.96(24)	26.71(48)	Excl. Minimum Variance
NEXT PLC.	C.Services	0.52%	32.71%	29.76%	38.07(43)	29.41(43)	Excl. Minimum Variance
RIO TINTO PLC.	Materials	0.87%	28.14%	27.36%	167.17(6)	156.84(2)	Excl. Minimum Variance
SAINSBURY J PLC.	C.Services	0.84%	24.92%	22.86%	40.42(36)	20.38(68)	Excl. Minimum Variance
SCOT.MORTGAGE IT.PLC.	Financials	0.93%	17.65%	17.76%	17.45(89)	12.54(95)	Excl. Minimum Variance
SMURFIT KAPPA GROUP PLC.	Industrials	1.26%	29.71%	28.52%	14.24(93)	9.53(100)	Excl. Liquidity
STD.CHARTERED PLC.	Financials	0.08%	25.53%	23.35%	54.03(25)	41.81(30)	Excl. Minimum Variance
TUI AG	C.Services	0.12%	23.37%	20.41%	19.01(82)	17.15(76)	Excl. Minimum Variance

## Ranking Index Constituents - Top 25

The table shows the top 25 positions in the FTSE 100 Minimum Variance TR as of 24-Sep-2018. The column WW indicates the weights in the FTSE 100 Minimum Variance TR as of 24-Sep-2018. The column Vol gives the annualized volatility computed over 500 business days ending on 05-Sep-2018. 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 05-Sep-2018. 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 TR already (YES) or it entered at this rebalancing (NO).

	Sector	WW	Vol	Rank Vol	Corr	Rank Corr	Rank Blend	Core
LLOYDS BANKING GP.PLC.	Financials	4.13%	17.41%	24	16.73%	30	26	YES
ROYAL MAIL PLC.	Industrials	3.68%	21.58%	57	12.29%	8	40	YES
SKY PLC.	C.Services	3.52%	27.33%	85	6.02%	2	56	YES
SSE PLC.	Utilities	3.26%	15.35%	4	18.07%	39	15	YES
RANDGOLD RESOURCES LTD.	Materials	2.99%	30.73%	93	8.11%	3	62	YES
COCA COLA HBC AG	C.Goods	2.90%	19.24%	40	17.49%	37	38	YES
BERKELEY GROUP HDG.PLC.	C.Goods	2.74%	22.55%	63	15.39%	23	49	YES
DIAGEO PLC.	C.Goods	2.72%	14.78%	2	24.82%	86	30	YES
BAE SYSTEMS PLC.	Industrials	2.66%	17.88%	26	21.75%	65	39	YES
ANTOFAGASTA PLC.	Materials	2.45%	31.95%	95	14.72%	21	69	YES
RSA INSURANCE GROUP PLC.	Financials	2.36%	15.34%	3	22.05%	67	24	YES
RECKITT BENCKISER GP.PLC	C.Goods	2.25%	19.27%	41	17.30%	34	38	YES
PADDY POWER BETFAIR PLC.	C.Services	2.13%	25.08%	77	11.40%	6	52	YES
BUNZL PLC.	Industrials	2.13%	15.86%	8	22.64%	73	30	YES
NATIONAL GRID PLC.	Utilities	2.10%	15.82%	7	19.74%	53	22	YES
CENTRICA PLC.	Utilities	2.00%	23.32%	70	13.32%	14	50	YES
LAND SECURITIES GP.PLC.	Financials	1.92%	16.09%	11	18.77%	47	23	YES
KINGFISHER PLC.	C.Services	1.84%	22.29%	60	13.99%	16	45	YES
SEVERN TRENT PLC.	Utilities	1.84%	18.61%	34	16.58%	28	31	YES
BT GROUP PLC.	Telecom.	1.78%	25.26%	79	13.10%	13	56	YES
BP PLC.	Oil - Gas	1.78%	18.81%	36	22.62%	71	47	YES
IMPERIAL BRANDS PLC.	C.Goods	1.76%	19.33%	42	17.01%	32	38	YES
UNILEVER PLC.	C.Goods	1.74%	19.91%	47	17.52%	38	43	YES
HSBC HOLDINGS PLC.	Financials	1.66%	16.97%	19	22.83%	75	38	YES
ASTRAZENECA PLC.	HealthCare	1.64%	22.31%	61	16.66%	29	50	YES

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