

Japan Minimum Variance Index NR

Rebalancing Report - 25-Sep-2018

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.

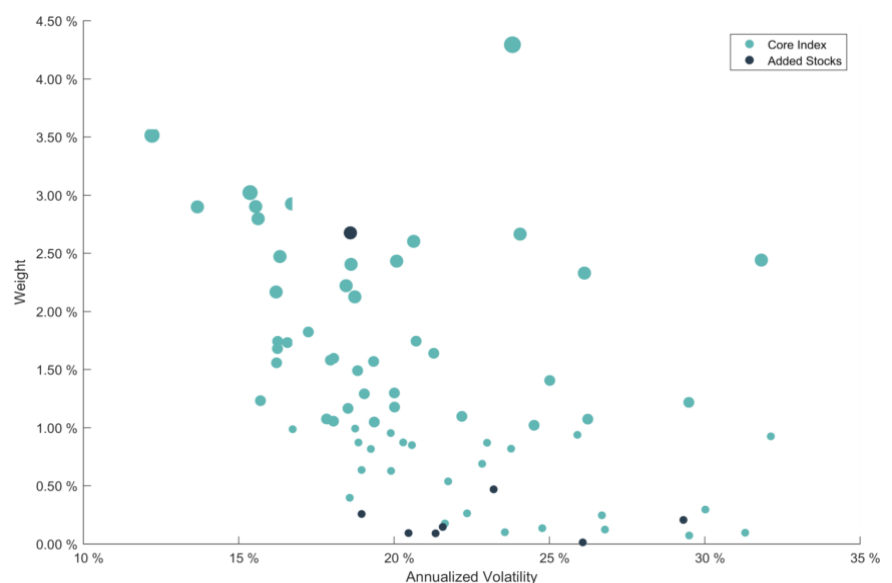
The number of constituents in the index decreased from **80** to **76**. The Turnover is **29.18%**, higher than its historical mean at **23.46%**. The weight of the Index Core Portfolio is stable.

Characteristics	25-Sep-2018
Number of Stocks	76
Added Stocks	10
Deleted Stocks	14
Core Number	66
Old weight of Core	95.58%
New weight of Core	93.77%
Turnover	29.18%
Historical Turnover	23.46%

Added and deleted stocks are relative to 25-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

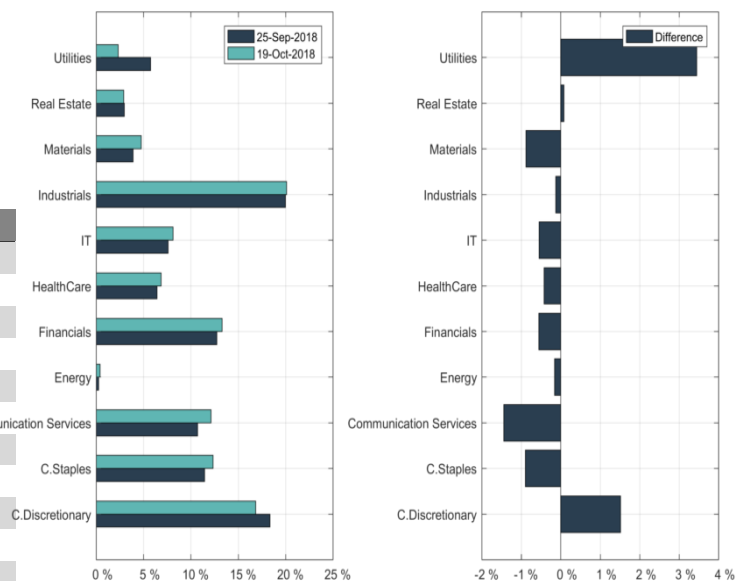
The chart on the right shows the distribution of the new Japan Minimum Variance Index NR composition on 25-Sep-2018 in terms of annualized volatility (x-axis) and weight (y-axis). Volatility computed over 125 days ending on 14-Sep-2018. On the upper left corner we find low volatile stocks with big weight 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: **3.45%** for Utilities, **1.51%** for C.Discretionary, **-1.45%** for Communication Services. The biggest sector exposures are: **19.98%** for Industrials, **18.36%** for C.Discretionary, **12.72%** for Financials.

	PREV.	CURR.	Diff.
C.Discretionary	16.84%	18.36%	1.51%
C.Staples	12.34%	11.44%	-0.90%
Communication Services	12.13%	10.68%	-1.45%
Energy	0.40%	0.25%	-0.16%
Financials	13.28%	12.72%	-0.56%
HealthCare	6.84%	6.42%	-0.42%
IT	8.12%	7.57%	-0.55%
Industrials	20.11%	19.98%	-0.13%
Materials	4.75%	3.87%	-0.88%
Real Estate	2.88%	2.96%	0.08%
Utilities	2.30%	5.75%	3.45%

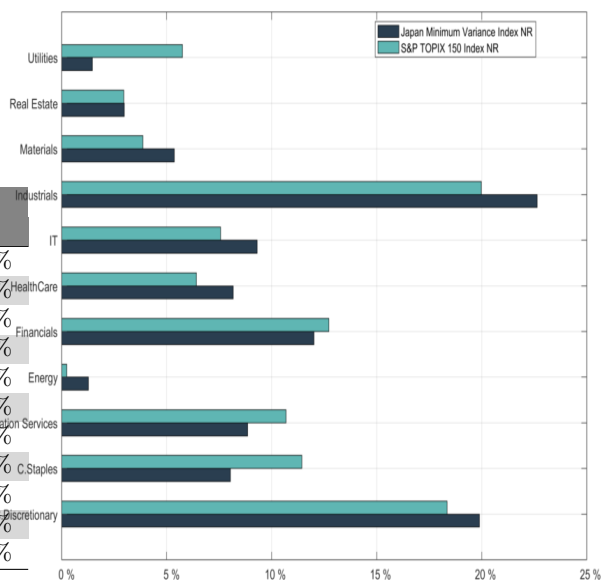


The left-hand side of the chart below shows the sector deviations at rebalancing. Differences are shown on the right-hand side. Index weights are taken as of 19-Oct-2018 (last business day before the new composition is implemented) compared to the new rebalancing weights as of 25-Sep-2018.

Sector breakdown vs. benchmark

The Japan Minimum Variance Index NR overweights Utilities by **4.29%** and C.Staples by **3.41%** compared to S&P TOPIX 150 Index NR. The Japan Minimum Variance Index NR underweights Industrials by **-2.66%** and HealthCare by **-1.75%** compared to S&P TOPIX 150 Index NR.

	B		Diff.	Vol.	
	B	S		B	S
C.Discretionary	19.89%	18.36%	-1.54%	15.61%	11.56%
C.Staples	8.03%	11.44%	3.41%	15.69%	14.27%
Communication Services	8.86%	10.68%	1.83%	16.74%	13.61%
Energy	1.28%	0.25%	-1.03%	27.35%	26.70%
Financials	12.01%	12.72%	0.70%	16.00%	13.53%
HealthCare	8.17%	6.42%	-1.75%	17.40%	16.16%
IT	9.31%	7.57%	-1.74%	17.38%	13.12%
Industrials	22.64%	19.98%	-2.66%	14.59%	11.82%
Materials	5.36%	3.87%	-1.49%	17.80%	15.53%
Real Estate	2.99%	2.96%	-0.02%	19.03%	22.00%
Utilities	1.46%	5.75%	4.29%	17.88%	15.69%



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 15-Oct-2018

Added Stocks

The rebalancing has added 10 new stocks. In the table below, T is the current rebalancing date (25-Sep-2018), while T-1 is the previous rebalancing date (20-Aug-2018). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 14-Sep-2018 and 13-Aug-2018. 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	
BANDAI NAMCO HDG.INCO.	C.Discretionary	1.78%	Inf%	Inf%	-Inf(152)	-Inf(152)	NewInBenchark
CHUGAI PHARM.CO.LTD.	HealthCare	0.47%	25.77%	23.21%	4261.39(103)	4685.18(91)	Excl. Minimum Variance
JFE HOLDINGS INCO.	Materials	0.01%	27.47%	26.08%	5950.73(74)	6326.42(67)	Excl. Minimum Variance
KYUSHU ELEC.PWR.CO.INCO.	Utilities	2.67%	20.14%	18.60%	1975.85(142)	2163.48(135)	Excl. Liquidity
MITSUB.UFJ FINL.GP.INCO.	Financials	0.09%	21.60%	20.47%	42723.90(4)	37674.16(4)	Excl. Minimum Variance
NGK INSULATORS LIMITED	Industrials	0.09%	22.60%	21.34%	2270.65(136)	2398.56(128)	Excl. Minimum Variance
RYOHIN KEIKAKU CO.LTD.	C.Discretionary	0.51%	Inf%	Inf%	-Inf(151)	-Inf(151)	NewInBenchark
SEKISUI HSE.LTD.	C.Discretionary	0.26%	20.70%	18.96%	4869.91(93)	4488.40(95)	Excl. Minimum Variance
SUMITOMO ELEC.IND.LTD.	C.Discretionary	0.15%	22.69%	21.57%	3294.61(118)	3334.85(115)	Excl. Minimum Variance
YAKULT HONSHA CO.LTD.	C.Staples	0.21%	32.86%	29.32%	3507.40(117)	3785.63(108)	Excl. Minimum Variance

Deleted Stocks

The rebalancing has deleted 14 new stocks. In the table below, T is the current rebalancing date (25-Sep-2018), while T-1 is the previous rebalancing date (20-Aug-2018). Vol(T-1) and Vol(T) are the annualized volatilities computed over 125 business days ending, respectively, on 14-Sep-2018 and 13-Aug-2018. 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	
AEON COMPANY LTD.	C.Staples	0.07%	20.86%	21.23%	5575.77(78)	5387.49(77)	Excl. Minimum Variance
AGC INCO.	Industrials	0.11%	23.56%	22.54%	3588.82(114)	3520.71(112)	Excl. Minimum Variance
AISIN SEIKI COMPANY LTD.	C.Discretionary	0.00%	25.20%	25.25%	3208.09(121)	3051.78(121)	Excl. Minimum Variance
JAPAN EXCHANGE GP.INCO.	Financials	0.62%	20.45%	21.87%	2060.86(140)	2146.74(137)	Excl. Minimum Variance
JXTG HDG.INCO.	Energy	0.15%	30.63%	30.86%	9764.50(41)	9994.47(32)	Excl. Minimum Variance
KEYENCE CORPORATION	IT	0.26%	27.04%	27.03%	20418.05(13)	20067.48(10)	InPortfolio
LIXIL GROUP CORP.	Industrials	0.19%	25.61%	26.58%	2378.06(133)	2277.57(132)	Excl. Minimum Variance
MURATA MNFG.CO.LTD.	IT	0.14%	27.22%	29.65%	22574.26(10)	19287.84(13)	Excl. Minimum Variance
NIKON CORPORATION	C.Discretionary	0.21%	27.50%	27.72%	3741.54(110)	3829.05(107)	Excl. Minimum Variance
OBAYASHI CORPORATION	Industrials	0.12%	25.49%	25.02%	3264.53(119)	2921.95(122)	Excl. Minimum Variance
RAKUTEN INCO.	C.Discretionary	0.27%	30.82%	30.95%	8576.32(46)	8943.34(44)	Excl. Minimum Variance
TAIHEIYO CEMENT CORP.	Materials	1.30%	24.41%	24.21%	2319.80(135)	2267.66(133)	InPortfolio
TOKYU CORPORATION	Industrials	0.53%	18.90%	19.50%	2334.82(134)	2160.30(136)	InPortfolio
YAHOO JAPAN CORPORATION	IT	0.45%	36.94%	36.24%	8090.28(48)	9872.48(34)	InPortfolio

Ranking Index Constituents - Top 25

The table shows the top 25 positions in the Japan Minimum Variance Index NR as of 25-Sep-2018. The column WW indicates the weights in the Japan Minimum Variance Index NR as of 25-Sep-2018. The column Vol gives the annualized volatility computed over 125 business days ending on 14-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 14-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 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
NITORI HOLDINGS CO.LTD.	C.Discretionary	4.29%	23.82%	81	8.19%	1	53	YES
MIZUHO FINL.GP.INCO.	Financials	3.51%	12.22%	1	41.38%	134	46	YES
MITSUB.HEAVY INDS.LTD.	Industrials	3.02%	15.37%	4	36.69%	92	33	YES
JAPAN AIRLINES CO.LTD.	Industrials	2.92%	16.71%	15	27.09%	26	18	YES
NTT DOCOMO INCO.	Communication Services	2.90%	15.55%	5	27.23%	28	12	YES
CANON INCO.	IT	2.90%	13.68%	2	39.47%	115	40	YES
NISSAN MOTOR CO.LTD.	C.Discretionary	2.80%	15.63%	6	34.75%	71	28	YES
KYUSHU ELEC.PWR.CO.INCO.	Utilities	2.67%	18.60%	27	25.54%	18	23	NO
MEIJI HOLDINGS CO.LTD.	C.Staples	2.66%	24.06%	83	15.76%	2	55	YES
JAPAN TOBACCO INCO.	C.Staples	2.60%	20.64%	53	21.58%	10	38	YES
ANA HOLDINGS INCO.	Industrials	2.47%	16.33%	13	31.79%	55	27	YES
NINTENDO CO.LTD.	Communication Services	2.44%	31.83%	139	16.07%	3	92	YES
FUJITSU LIMITED	IT	2.43%	20.09%	47	28.17%	34	42	YES
ASTELLAS PHARMA INCO.	HealthCare	2.40%	18.62%	28	27.37%	29	28	YES
DAITO TRUST CON.CO.LTD.	Real Estate	2.33%	26.13%	109	16.74%	4	73	YES
SHIMANO INCO.	C.Discretionary	2.22%	18.46%	23	29.10%	39	28	YES
SEVEN & I HDG.CO.LTD.	C.Staples	2.17%	16.21%	8	32.39%	56	24	YES
NIPPON TELG.& TEL.CORP.	Communication Services	2.12%	18.74%	29	25.76%	20	25	YES
MAZDA MOTOR CORP.	C.Discretionary	1.82%	17.25%	17	38.29%	103	46	YES
BANDAI NAMCO HDG.INCO.	C.Discretionary	1.78%	Inf%	152	Inf%	152	152	NO
ORIENTAL LAND CO.LTD.	C.Discretionary	1.74%	20.72%	54	25.75%	19	42	YES
MS&AD IN.GP.HDG.INCO.	Financials	1.74%	16.26%	12	39.69%	120	48	YES
NOMURA HDG.INCO.	Financials	1.73%	16.57%	14	41.80%	138	56	YES
SUMITOMO MTL.FGP.INCO.	Financials	1.68%	16.25%	11	42.05%	140	54	YES
DENTSU INCO.	Communication Services	1.64%	21.28%	57	28.62%	37	50	YES

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