

STOXX

MONTHLY INDEX NEWS

April 2018

INDEX

RESEARCH

GLOBAL

INSIGHT

MARKETS

STOXX Benchmark Indices

Key points

Stocks rebounded in April, paring more than half of the losses from the previous two months, amid stronger-than-expected economic and earnings data, and an easing of geopolitical tensions.

The STOXX® Global 1800 Index rose 3% when measured in euros, its best performance in six months. The index is now 4.1% below its January high. A 1.8% retreat in the common currency against the dollar over the month increased the value of international holdings for Eurozone-based investors. In dollar terms, the STOXX Global 1800 Index climbed 1.2%.

European stocks stood out, as quarterly earnings for some of the region's largest companies – including BP Plc and Royal Philips NV – exceeded analysts' estimates. According to FactSet, a total of 45% of companies in the STOXX® Europe 600 Index that reported first-quarter earnings through May 1 beat profit forecasts.

The EURO STOXX 50® Index and the STOXX Europe 600 Index logged their best month since Dec. 2016. The euro's decline also eased concern that a disadvantageous exchange rate will stifle exports.

While volatility declined across all regions compared to March, the reading for Asia/Pacific stocks plunged to the lowest since at least 2004. This may reflect improving sentiment about global trade and China-US relations, and optimism about a thaw in the Korean conflict.

Risk and return characteristics

	Return (%)			Annualized volatility (%)			Sharpe ratio (1Y)	Dividend yield (1Y)	P/B	Volatility percentile
	1M	YTD	1Y	1M	YTD	1 Y				
1. Euro STOXX 50	5.8	1.8	2.0	11.8	14.5	11.5	0.2	2.7	1.8	23 rd
2. STOXX Europe 600	4.5	0.1	2.3	11.2	13.4	10.3	0.2	2.8	1.8	36 th
3. STOXX North America 600	2.2	-1.3	1.5	17.0	18.7	13.6	0.1	1.4	2.9	64 th
4. STOXX Asia/Pacific 600	3.6	0.2	5.2	5.5	14.6	11.2	0.4	2.2	1.3	1 st
5. STOXX Global 1800	3.0	-0.7	2.2	12.3	14.0	10.5	0.2	1.9	2.1	55 th

Risk and return performance figures for STOXX Benchmark Indices, EUR Net Return. Data as of Apr. 30, 2018.
Source: STOXX Limited.

Price and volatility performance



Figure 1: Annual price performance, EUR Net Return. May 2017 – Apr. 2018. Shaded area: Apr. 2018. Source: STOXX Limited.

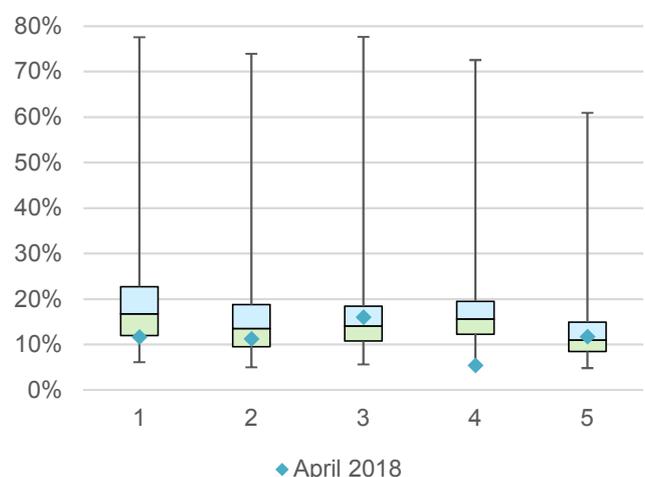


Figure 2: Monthly annualized volatility analysis, EUR Net Return. Jan. 2004 – Apr. 2018. Source: STOXX Limited.

Europe Factor Indices

Key points

Pure factor investing struggled over the month. Three of the seven iSTOXX® Europe Factor Market Neutral Indices, which neutralize systematic risk by holding a short position in futures on the STOXX Europe 600, posted a loss. Most of the remaining factor indices exhibited little change.

The iSTOXX® Europe Multi-Factor Market Neutral Index posted the lowest performance in the family of indices, declining 0.8%. The index combines all six STOXX single factors into one strategy, by incorporating stocks that rank high in all factors. The index is nonetheless near a record high.

Risk and return characteristics

	Return (%)			Annualized volatility (%)			Volatility percentile
	1M	YTD	1Y	1M	YTD	1 Y	
1. iSTOXX Europe Carry Factor Market Neutral	0.0	1.3	2.2	3.1	3.5	3.4	1 st
2. iSTOXX Europe Low Risk Factor Market Neutral	0.2	2.5	3.1	2.7	3.4	2.7	16 th
3. iSTOXX Europe Momentum Factor Market Neutral	-0.5	-0.2	3.3	3.0	3.4	3.2	18 th
4. iSTOXX Europe Quality Factor Market Neutral	-0.5	-1.1	0.7	2.9	2.8	2.9	11 th
5. iSTOXX Europe Size Factor Market Neutral	0.1	1.8	3.4	5.0	4.8	4.4	38 th
6. iSTOXX Europe Value Factor Market Neutral	0.5	0.0	2.1	5.0	4.4	3.7	72 nd
7. iSTOXX Europe Multi-Factor Market Neutral	-0.8	0.3	0.8	3.4	3.9	3.6	18 th

Risk and return performance figures for iSTOXX Europe Market Neutral Factor Indices, EUR Net Return. Data as of Apr. 30, 2018.
Source: STOXX Limited.

Price and volatility performance

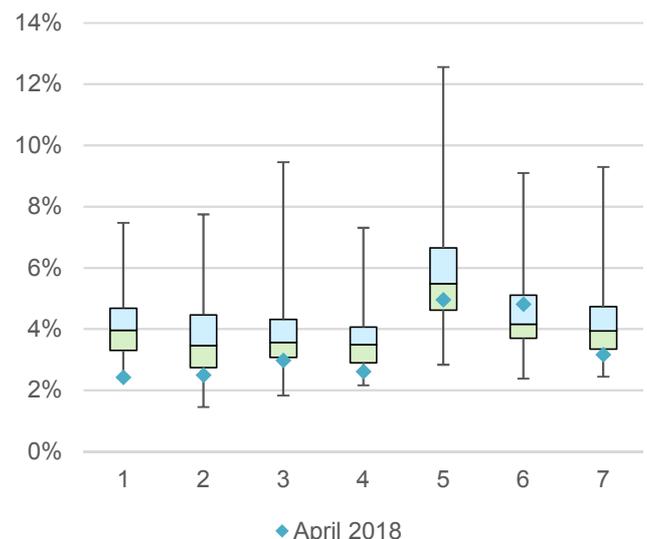


Figure 3: Annual price performance, EUR Net Return. May 2017 – Apr. 2018. Shaded area: Apr. 2018. Source: STOXX Limited.

Figure 4: Monthly annualized volatility analysis, EUR Net Return. Aug. 2010 – Apr. 2018. Source: STOXX Limited.

STOXX Thematic Indices

Key points

Thematic investing underperformed in April amid the broader rally in market-capitalization benchmarks.

The iSTOXX® FactSet Digitalisation Index was the exception, rising 3%. At the other end, the iSTOXX® FactSet Automation & Robotics Index fell 1.3%.

The STOXX thematic indices are composed of companies with the highest revenue exposure to respective global megatrends, compiled using FactSet's Revere industry classification. The exception is the STOXX® AI Global Artificial Intelligence Index, which uses an innovative AI algorithm to pick companies investing in the development and adoption of AI-related intellectual property.

All but two of the thematic indices have posted double-digit gains in the past year as investors appraise the potential of those businesses leveraged to megatrends changing the modern world.

Risk and return characteristics

	Return (%)			Annualized volatility (%)			Sharpe ratio (1Y)	Dividend yield (1Y)	P/B	Volatility percentile
	1M	YTD	1Y	1M	YTD	1Y				
1. STOXX AI Global Artificial Intelligence	2.3	2.6	9.1	12.0	14.0	11.1	0.8	1.4	2.9	52 nd
2. STOXX Global Artificial Intelligence	0.4	5.8	19.0	24.4	24.1	19.2	0.9	0.9	4.8	75 th
3. iSTOXX FactSet Digitalisation	3.0	7.6	11.9	14.2	13.6	11.2	1.0	1.1	5.9	61 st
4. iSTOXX FactSet Automation & Robotics	-1.3	0.5	17.2	13.1	16.3	13.0	1.2	1.2	3.8	49 th
5. iSTOXX FactSet Ageing Population	2.9	0.8	2.8	8.0	11.4	9.5	0.3	1.7	2.0	21 st
6. iSTOXX FactSet Breakthrough Healthcare	-1.2	6.8	16.6	13.6	16.7	13.3	1.2	0.5	4.8	43 rd

Risk and return performance figures for STOXX Thematic Indices, EUR Net Return. Data as of Apr. 30, 2018.
Source: STOXX Limited.

Price and volatility performance



Figure 5: Annual price performance, EUR Net Return. May 2017 – Apr. 2018. Shaded area Apr. 2018.
Source: STOXX Limited.

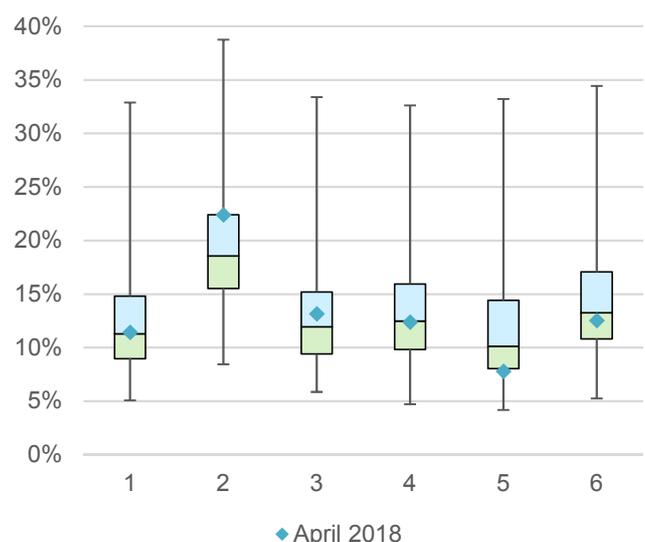


Figure 6: Monthly annualized volatility analysis, EUR Net Return. Apr. 2013 – Apr. 2018.
Source: STOXX Limited.

ESG & Sustainable Investing Indices

Key points

Environmental, social and governance (ESG) strategies posted positive performances in April. Advances during the month helped many of the indices in this space erase their year-to-date losses.

Risk and return characteristics

	Return (%)			Annualized volatility (%)			Sharpe ratio (1Y)	Dividend yield (1Y)	P/B	Volatility percentile
	1M	YTD	1Y	1M	YTD	1 Y				
1. STOXX Europe Industry Neutral ESG	4.5	0.0	1.5	11.1	13.2	10.2	0.2	2.8	1.8	43 rd
2. STOXX USA ESG Impact	1.8	-1.1	1.3	16.7	19.2	14.1	0.3	1.5	2.9	73 rd
3. STOXX Global ESG Impact	2.8	-0.7	2.7	12.2	14.1	10.7	0.4	2.0	2.2	64 th
4. STOXX Europe 600 Low Carbon	4.5	0.3	2.1	11.3	13.4	10.2	0.2	2.7	1.8	46 th
5. STOXX USA Low Carbon	2.6	0.0	2.9	17.6	19.4	14.0	0.2	1.4	3.0	81 st
6. STOXX Global 1800 Low Carbon	3.3	0.0	3.1	12.4	13.9	10.5	0.3	1.9	2.1	69 th

Risk and return performance figures for STOXX ESG and Sustainable Investing Indices, EUR Net Return. Data as of Apr. 30, 2018. Source: STOXX Limited.

Price and volatility performance



Figure 7: Annual price performance, EUR Net Return. May 2017 – Apr. 2018. Shaded area: Apr. 2018. Source: STOXX Limited.

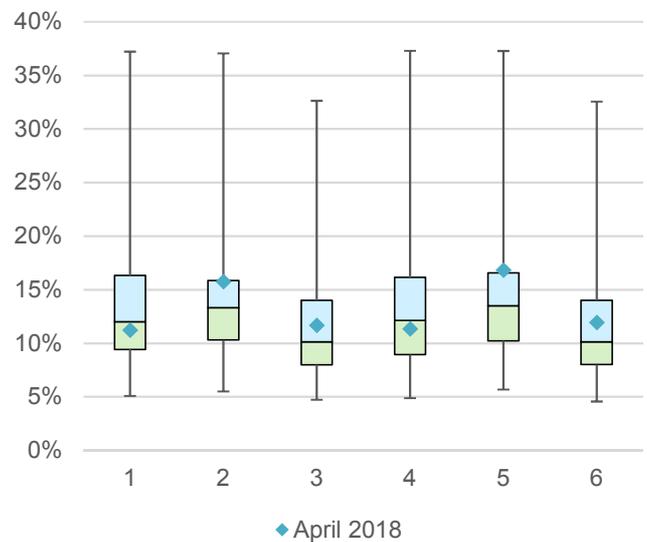


Figure 8: Monthly annualized volatility analysis, EUR Net Return. Oct. 2012 – Apr. 2018. Source: STOXX Limited.

Minimum Variance Indices

Key points

Minimum variance strategies underperformed as markets were calmer following two volatile months.

The STOXX® Global 1800 Minimum Variance Index rose 72 basis points less than its benchmark, the STOXX Global 1800. Over February and March, the Minimum Variance index outperformed by 228 points.

The STOXX Minimum Variance Indices come in two versions: constrained and unconstrained. The former indices have a similar exposure to a market-cap index but with lower risk. The unconstrained version, on the other hand, has more freedom to fulfill its minimum variance mandate within the same universe of stocks.

Risk and return characteristics

	Return (%)			Annualized volatility (%)			Sharpe ratio (1Y)	Dividend yield (1Y)	P/B	Volatility percentile
	1M	YTD	1Y	1M	YTD	1Y				
1. STOXX Europe 600 MV	3.4	-1.2	1.9	8.7	11.8	9.6	0.2	2.2	2.2	43 rd
2. STOXX Europe 600 MV Unconstrained	2.8	-0.8	4.5	9.3	11.8	9.8	0.5	2.1	2.2	62 nd
3. STOXX USA 900 MV	2.4	-2.0	-1.4	12.7	15.4	11.8	-0.2	1.5	2.9	47 th
4. STOXX USA 900 MV Unconstrained	2.9	-0.9	-3.3	11.2	13.9	10.8	-0.3	1.7	3.0	33 rd
5. STOXX Global 1800 MV	2.3	-1.0	-0.8	9.2	11.0	8.8	-0.1	1.8	2.1	53 rd
6. STOXX Global 1800 MV Unconstrained	2.1	-1.2	-1.5	8.4	10.5	8.7	-0.2	1.9	1.8	42 nd

Risk and return performance figures for STOXX Minimum Variance Indices, EUR Net Return. Data as of Apr. 30, 2018. Source: STOXX Limited.

Price and volatility performance



Figure 9: Annual price performance, EUR Net Return. May 2017 – Apr. 2018. Shaded area: Apr. 2018. Source: STOXX Limited.

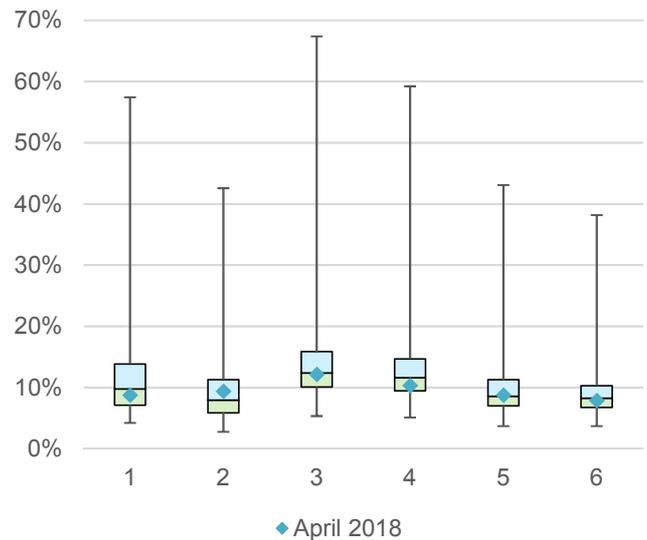


Figure 10: Monthly annualized volatility analysis, EUR Net Return Jan. 2004 – Apr. 2018. Source: STOXX Limited.

Dividend Indices

Key points

Despite the rise in bond yields, dividend strategies had their strongest month in years in April. The STOXX® Global Select Dividend 100 Index and the STOXX® Global Select 100 EUR Index posted their best performance since Oct. 2015.

Energy companies, which have the highest relative dividends among 19 supersectors in the STOXX Global 1800 Index, underpinned the advance. The supersector was the market's top performer in April as crude oil prices continued their march higher.

The three indices below track different global dividend approaches, and all fared better than the STOXX Global 1800 Index in April. Dividend strategies have struggled in the past year, as the US Federal Reserve raises interest rates, increasing the appeal of bond payments relative to dividends.

Risk and return characteristics

	Return (%)			Annualized volatility (%)			Sharpe ratio (1Y)	Dividend yield (1Y)	P/B	Volatility percentile
	1M	YTD	1Y	1M	YTD	1Y				
1. STOXX Global Maximum Dividend 40	4.2	-1.6	1.5	10.0	11.6	9.8	0.2	9.6	1.2	37 th
2. STOXX Global Select Dividend 100	4.7	-0.5	0.1	6.9	10.0	8.4	0.0	3.8	1.8	20 th
3. STOXX Global Select 100 EUR	4.5	-0.4	-1.0	6.6	10.2	7.8	-0.2	3.6	1.5	23 rd

Risk and return performance figures for STOXX Dividend Indices, EUR Net Return. Data as of Apr. 30, 2018.
Source: STOXX Limited.

Price and volatility performance



Figure 11: Annual price performance, EUR Net Return. May 2017 – Apr. 2018. Shaded area: Apr. 2018. Source: STOXX Limited.

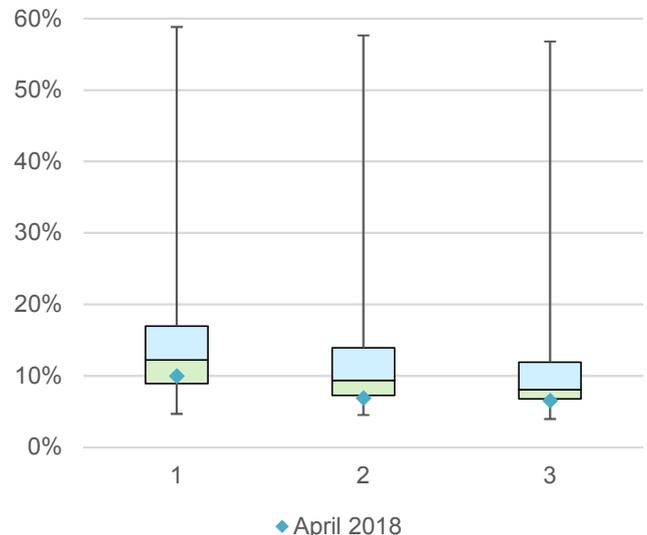


Figure 12: Monthly annualized volatility analysis, EUR Net Return. Jul. 2004 – Apr. 2018. Source: STOXX Limited.

This document is published for informational purposes only and does not constitute investment advice or an offer to sell or the solicitation of an offer to buy any security of any entity in any jurisdiction. No guarantee is made that the information in this document is accurate or complete and no warranties are made with regard to the results to be obtained from its use. STOXX Ltd. will not be liable for any loss or damage resulting from information obtained from this document. Furthermore, past performance is not necessarily indicative of future results. The indices in this document and the trademarks used in the index names are the intellectual property of STOXX Ltd., Deutsche Börse Group or their licensors. The use of the STOXX® indices, DAX® indices or on any other indices supported by STOXX and of the respective index data for financial products or for other purposes requires a license from STOXX or Deutsche Börse Group. STOXX, Deutsche Börse Group and their licensors, research partners or data providers do not make any warranties or representations, express or implied, with respect to the timeliness, sequence, accuracy, completeness, currentness, merchantability, quality or fitness for any particular purpose of its index data. STOXX, Deutsche Börse Group and their licensors, research partners or data providers are not providing investment advice through the publication of indices or in connection therewith. In particular, the inclusion of a company in an index, its weighting, or the exclusion of a company from an index, does not in any way reflect an opinion of STOXX, Deutsche Börse Group or their licensors, research partners or data providers on the merits of that company. Financial instruments based on STOXX® indices, DAX® indices or on any other indices supported by STOXX are in no way sponsored, endorsed, sold or promoted by STOXX, Deutsche Börse Group and their licensors, research partners or data providers.

About STOXX

STOXX Ltd. is an established and leading index specialist, which started in Europe. The launch of the first STOXX® indices in 1998, including the EURO STOXX 50® Index, marked the beginning of a unique success story, based on the company's neutrality and independence. Since then, STOXX has been at the forefront of market developments and has continuously expanded its portfolio of innovative indices. STOXX now operates globally across all asset classes.

STOXX indices are licensed to more than 500 companies, which include the world's largest financial products issuers, capital owners and asset managers. STOXX indices are used not only as underlyings for financial products, such as ETFs, futures and options and structured products but also for risk and performance measurement. In addition, STOXX Ltd. is the marketing agent for DAX® indices.