

STOXX

MONTHLY INDEX NEWS

June 2018

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GLOBAL

INSIGHT

MARKETS

STOXX Benchmark Indices

Key points

The STOXX® Global 1800 Index fell 0.2% in June, weighed down by stocks in Asia and Europe. Investors sold shares in those regions likely to suffer from a protectionist turn in US trade policy. Asian exporting countries such as China, Singapore and South Korea posted the heaviest losses in the month.

The STOXX® Asia/Pacific 600 Index slid 2.3%.

The STOXX® North America 600 Index, where US constituents make up 95% of the total weight, posted a positive return in the month and is now up 13.4% in 2018 in dollar terms, comfortably outperforming other regions. Excluding dividends, the index is 5.4% away from a record high in January.

The STOXX® Europe 600 Index, which includes companies in non-euro nations such as the UK and Switzerland, dropped 0.6%, led by carmakers' stocks. The EURO STOXX 50® Index of blue-chip shares in the Eurozone retreated 0.2%.

Risk and return characteristics

	Return (%)						Annualized volatility (%)						P/B
	EUR			USD			EUR			USD			
	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	
1. Euro STOXX 50	-0.2	-1.0	1.3	-0.2	-3.7	3.7	14.8	13.8	11.9	15.9	14.3	11.9	1.7
2. STOXX Europe 600	-0.6	-0.3	2.9	-0.6	-3.1	5.4	13.2	12.6	10.8	14.4	13.2	10.7	1.8
3. STOXX North America 600	0.5	5.0	10.8	0.5	2.1	13.4	11.7	16.5	13.7	9.1	15.7	11.9	2.9
4. STOXX Asia/Pacific 600	-2.3	0.8	7.4	-2.3	-2.0	10.0	8.5	12.8	11.0	9.5	12.6	10.5	1.2
5. STOXX Global 1800	-0.2	3.0	8.3	-0.2	0.2	10.9	9.6	12.3	10.6	8.4	11.8	9.1	2.0

Risk and return performance figures for STOXX benchmark indices, Net Return. Data as of June 30, 2018.
Source: STOXX Limited.

Price and volatility performance

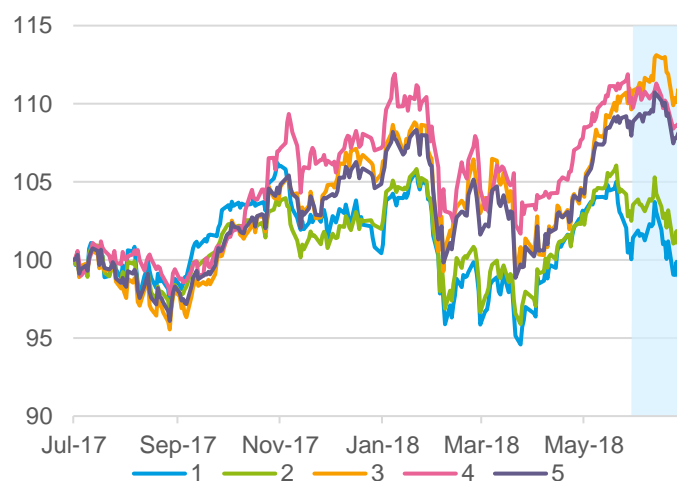


Figure 1: Annual price performance, EUR Net Return. July 2017 – June 2018. Shaded area: June 2018. Source: STOXX Limited.

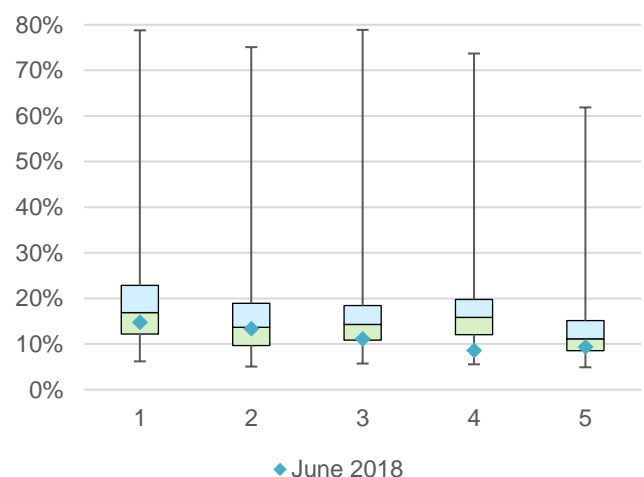


Figure 2: Monthly annualized volatility analysis, EUR Net Return. Jan. 2004 – June 2018. Source: STOXX Limited.

Europe Factor Indices

Key points

Pure factor investing, which aims to exploit sources of risk and return in isolation of the market's performance, had disappointing results over the month. All but one 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 losses.

The iSTOXX® Europe Value Market Neutral Index was the group's weakest performer, falling during June to its lowest level in almost two years. The index, which includes stocks that trade at lower prices than the market's average, which tend to do better in times of market upswings. These seem to have fallen out of favor with investors, perhaps reflecting their concerns about the pace of global expansion.

By comparison, the iSTOXX® Europe Carry Factor Market Neutral Index is cementing its position as the leading factor in the past year. The index targets stocks with high growth potential based on earnings and dividends. It has returned 5.2% in the past year, 970 basis points more than the value gauge and 230 basis points more than the STOXX Europe 600.

Risk and return characteristics

	Return (%)						Annualized volatility (%)					
	EUR			USD			EUR			USD		
	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y
1. iSTOXX Europe Carry Factor Market Neutral	0.9	3.1	5.2	0.9	0.3	7.7	3.7	3.5	3.4	8.9	8.1	8.3
2. iSTOXX Europe Low Risk Factor Market Neutral	-0.6	2.2	3.0	-0.6	-0.6	5.5	2.9	3.3	2.8	7.5	7.7	7.6
3. iSTOXX Europe Momentum Factor Market Neutral	-0.1	0.0	3.3	-0.1	-2.8	5.7	2.8	3.3	3.2	7.9	8.0	8.1
4. iSTOXX Europe Quality Factor Market Neutral	-0.6	-0.8	1.2	-0.6	-3.5	3.6	3.5	3.1	3.1	8.7	7.8	7.9
5. iSTOXX Europe Size Factor Market Neutral	-1.4	-0.1	0.0	-1.4	-2.9	2.4	4.0	4.7	4.4	8.9	9.0	8.9
6. iSTOXX Europe Value Factor Market Neutral	-2.1	-4.4	-4.5	-2.0	-7.0	-2.2	4.6	4.4	3.9	8.6	8.7	8.4
7. iSTOXX Europe Multi-Factor Market Neutral	-0.9	-1.5	-0.9	-0.9	-4.3	1.5	3.3	3.8	3.7	8.7	8.7	8.6

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

Price and volatility performance

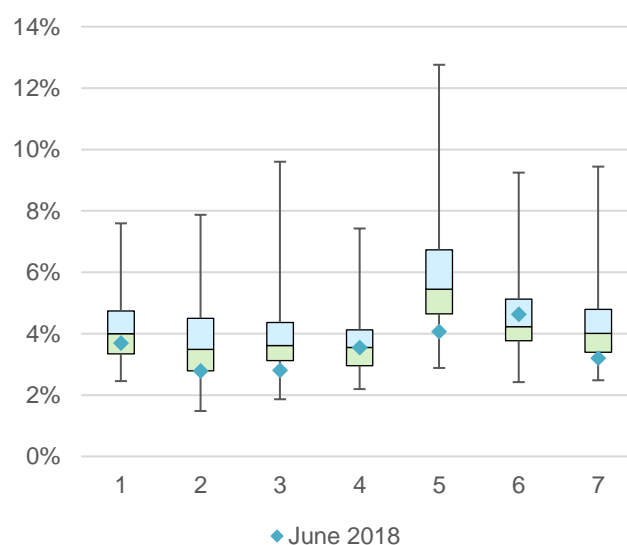
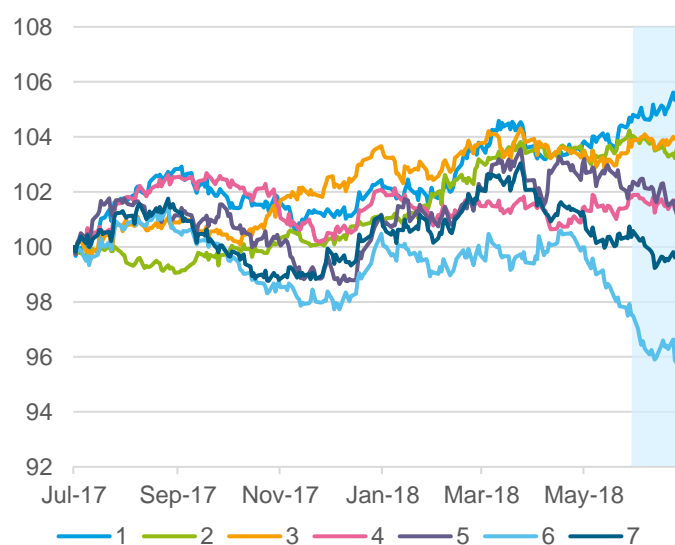


Figure 3: Annual price performance, EUR Net Return. July 2017– June 2018. Shaded area: June 2018. Source: STOXX Limited.

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

STOXX Thematic Indices

Key points

Thematic investing struggled over June, judged by the performance of the STOXX Thematic Indices against the STOXX Global 1800 Index.

The iSTOXX[®] FactSet Automation & Robotics Index was the weakest performer of the group, shedding 4% during the month. Still, the index is up almost 23% in the past year in dollar terms, compared with a 10.9% gain for the benchmark.

The iSTOXX[®] FactSet Digitalisation Index was the exception during June, rising 1.4%.

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.

Risk and return characteristics

	Return (%)						Annualized volatility (%)						P/B
	EUR			USD			EUR			USD			
	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	
1. STOXX AI Global Artificial Intelligence	-1.5	6.7	14.6	-1.5	3.8	17.3	10.7	12.4	11.0	10.3	11.6	9.4	2.5
2. STOXX Global Artificial Intelligence	-0.3	14.1	31.3	-0.2	10.9	34.5	21.3	22.0	19.0	18.6	20.9	17.5	5.1
3. iSTOXX FactSet Digitalisation	1.4	15.0	22.0	1.4	11.8	24.9	13.8	12.8	11.3	11.9	12.2	10.0	4.9
4. iSTOXX FactSet Automation & Robotics	-4.0	2.0	20.1	-4.0	-0.8	22.9	11.8	14.4	12.8	12.1	14.1	12.1	4.6
5. iSTOXX FactSet Ageing Population	-3.0	0.8	3.6	-3.0	-2.0	6.0	9.0	10.3	9.3	9.2	10.1	8.2	1.9
6. iSTOXX FactSet Breakthrough Healthcare	-2.4	10.3	18.8	-2.4	7.2	21.6	13.8	15.3	13.6	14.6	15.5	12.8	5.2

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

Price and volatility performance



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

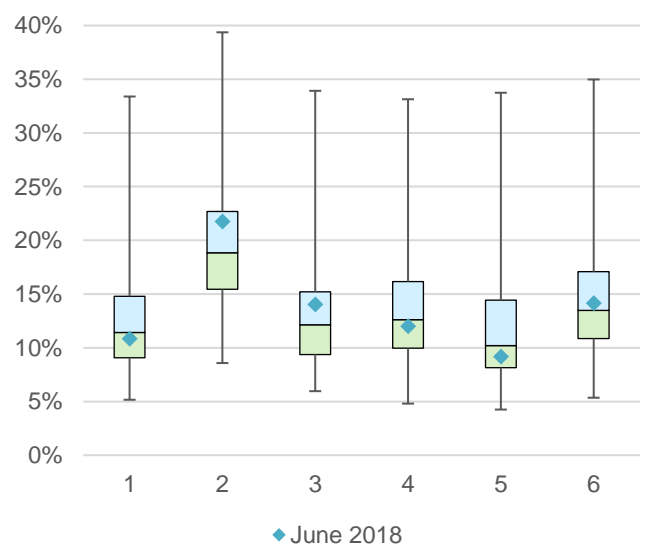


Figure 6: Monthly annualized volatility analysis, EUR Net Return. Apr. 2013 – June 2018.
Source: STOXX Limited.

ESG & Sustainable Investing Indices

Key points

Environmental, social and governance (ESG) strategies performed broadly in line with benchmarks in June. On a global basis, sustainable investing indices have posted better returns than the STOXX Global 1800 Index in the past year.

Risk and return characteristics

	Return (%)						Annualized volatility (%)						P/B
	EUR			USD			EUR			USD			
	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	
1. STOXX Europe Industry Neutral ESG	-0.6	-0.6	2.1	-0.6	-3.4	4.5	13.2	12.5	10.7	14.3	13.0	10.7	1.8
2. STOXX USA ESG Impact	0.4	4.9	11.2	0.4	2.0	13.8	12.0	16.9	14.2	9.4	16.2	12.4	3.0
3. STOXX Global ESG Impact	-0.3	3.1	9.1	-0.3	0.2	11.7	9.9	12.5	10.8	8.7	12.1	9.4	2.2
4. STOXX Europe 600 Low Carbon	-0.6	-0.2	2.9	-0.6	-3.0	5.3	13.1	12.6	10.7	14.3	13.2	10.7	1.8
5. STOXX USA Low Carbon	0.5	6.3	12.1	0.5	3.4	14.7	12.0	17.0	14.1	9.4	16.2	12.3	2.9
6. STOXX Global 1800 Low Carbon	-0.2	3.8	9.1	-0.2	0.9	11.7	9.8	12.3	10.6	8.5	11.8	9.1	2.0

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

Price and volatility performance



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

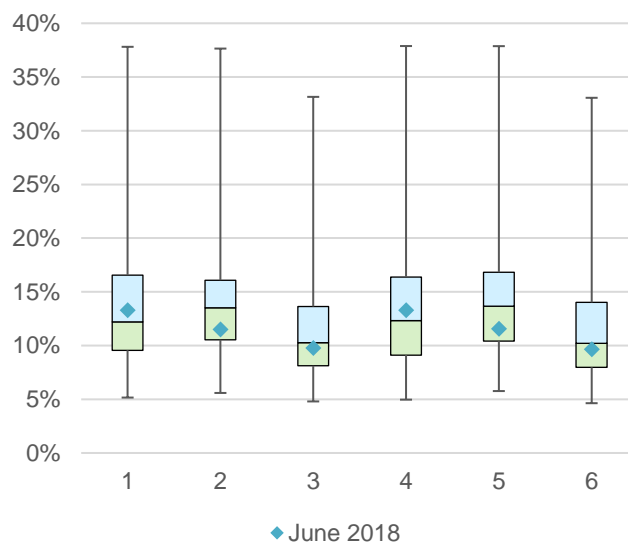


Figure 8: Monthly annualized volatility analysis, EUR Net Return. Oct. 2012 – June 2018. Source: STOXX Limited.

Minimum Variance Indices

Key points

Minimum variance strategies again proved their edge in June, outperforming even in markets that had a good underlying performance – namely the US.

The STOXX® USA 900 Minimum Variance Index has this year provided a positive return in its two versions: constrained and unconstrained. It has done so with a lower volatility reading. The STOXX USA 900 MV constrained logged an annualized volatility of 6.9% in June, while the unconstrained version had a volatility reading of 5.7%. That compares with 9.3% for the benchmark STOXX® USA 900 Index.

The STOXX Minimum Variance Indices' constrained versions have a similar exposure to a market-cap index but with lower risk. The unconstrained versions, on the other hand, have more freedom to fulfill their minimum variance mandate within the same universe of stocks.

In Europe, the STOXX® Europe 600 Minimum Variance Index has outperformed its benchmark so far this year and in the past twelve months, in its two versions, and has done so with lower volatility.

Risk and return characteristics

	Return (%)						Annualized volatility (%)						P/B
	EUR			USD			EUR			USD			
	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	
1. STOXX Europe 600 MV	0.1	-0.1	3.1	0.1	-2.9	5.6	9.7	10.6	9.5	11.1	11.4	9.7	2.2
2. STOXX Europe 600 MV Unconstrained	-0.3	0.7	4.4	-0.3	-2.1	6.9	9.5	10.6	9.5	11.6	11.4	9.9	2.2
3. STOXX USA 900 MV	2.2	4.1	7.2	2.2	1.2	9.7	10.4	13.7	11.7	6.9	12.7	9.8	2.9
4. STOXX USA 900 MV Unconstrained	2.4	5.2	6.6	2.4	2.3	9.2	10.0	12.4	10.7	5.7	11.3	8.8	3.0
5. STOXX Global 1800 MV	0.5	2.4	4.2	0.5	-0.4	6.6	8.3	9.8	8.7	5.3	8.9	7.0	2.2
6. STOXX Global 1800 MV Unconstrained	0.2	1.8	3.2	0.2	-1.0	5.7	7.3	9.3	8.5	5.0	8.4	6.9	1.8

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

Price and volatility performance

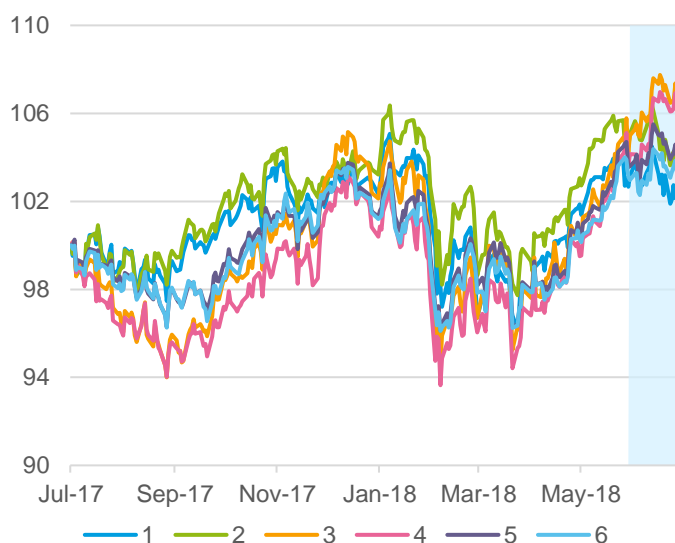


Figure 9: Annual price performance, EUR Net Return. July 2017 – June 2018. Shaded area: June 2018.
Source: STOXX Limited.

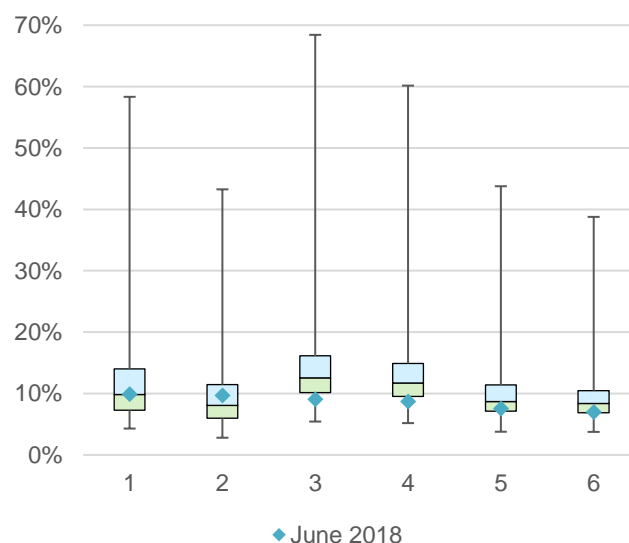


Figure 10: Monthly annualized volatility analysis, EUR Net Return. Jan. 2004 – June 2018.
Source: STOXX Limited.

Dividend Indices

Key points

Dividend strategies showed diverse performances in June.

The STOXX® Global Select 100 EUR Index, which blends increasing dividend yields with low stock price volatility, outperformed the STOXX Global 1800 Index.

The STOXX® Global Maximum Dividend 40 Index, which prioritizes only high dividend yields, fell 0.2%.

It was the STOXX® Global Select Dividend 100 Index, however, that showed the poorest performance in June. The index tracks companies with sizeable dividends but also applies a quality filter, such as a history of stable payments. It is, nonetheless, the best performer of the three income strategies in the past year.

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. All three indices below are derived from the STOXX Global 1800 Index.

Risk and return characteristics

	Return (%)						Annualized volatility (%)						P/B
	EUR			USD			EUR			USD			
	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	1M	YTD	1Y	
1. STOXX Global Maximum Dividend 40	-0.2	-5.5	-2.5	-0.2	-8.1	-0.2	11.8	11.4	10.1	12.6	12.2	10.3	1.5
2. STOXX Global Select Dividend 100	-1.2	-1.2	1.8	-1.2	-3.9	4.2	7.6	8.8	8.3	7.3	8.8	7.2	1.7
3. STOXX Global Select 100 EUR	0.1	-0.6	0.1	0.2	-3.4	2.5	7.2	9.0	7.8	8.7	9.5	7.6	1.3

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

Price and volatility performance



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

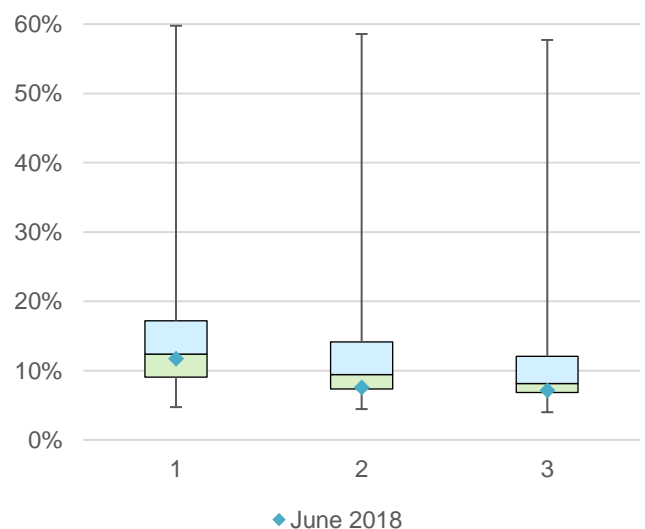


Figure 12: Monthly annualized volatility analysis, EUR Net Return. Jul. 2004 – June 2018. Source: STOXX Limited.

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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.