

STOXX

MONTHLY INDEX NEWS

August 2018

INDEX

RESEARCH

GLOBAL

INSIGHT

MARKETS

STOXX Benchmark Indices

Key points

The STOXX® Global 1800 Index rose 1.2% in August, as gains in US stocks more than offset declines elsewhere. The benchmark index is now 2.3% below its January high when measured in US dollars.

Eurozone stocks declined as some of the region’s largest banks suffered from a sell-off in emerging-market currencies and as Italian bonds fell. The EURO STOXX 50® Index fell 3.7% during the month, swinging back to a loss for 2018. The STOXX® Europe 600 Index, which includes companies in non-euro nations such as the UK and Switzerland, dropped 2.1% during the month.

The STOXX® North America 600 Index, by comparison, advanced 3.1%. The index is now up 18% in dollars in the past year, more than three times the advance for the STOXX Europe 600 in euros.

The STOXX® Asia/Pacific 600 Index lost 0.5% in August in dollars.

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 | -3.7 | -0.9 | 1.8 | -4.2 | -4.0 | -0.4 | 11.5 | 13.1 | 11.8 | 17.6 | 14.5 | 12.9 | 1.7 |
| 2. STOXX Europe 600 | -2.1 | 0.6 | 5.1 | -2.7 | -2.5 | 2.9 | 8.4 | 11.7 | 10.5 | 14.3 | 13.0 | 11.5 | 1.8 |
| 3. STOXX North America 600 | 3.7 | 12.5 | 20.9 | 3.1 | 9.0 | 18.3 | 7.3 | 14.9 | 13.3 | 7.0 | 14.0 | 11.9 | 3.0 |
| 4. STOXX Asia/Pacific 600 | 0.1 | 1.4 | 9.5 | -0.5 | -1.7 | 7.1 | 11.0 | 12.2 | 11.4 | 11.5 | 12.2 | 11.1 | 1.2 |
| 5. STOXX Global 1800 | 1.8 | 7.9 | 15.2 | 1.2 | 4.5 | 12.8 | 5.6 | 11.2 | 10.2 | 7.9 | 10.8 | 9.3 | 2.1 |

Risk and return performance figures for STOXX benchmark indices, Net Return. Data as of Aug. 31, 2018.
Source: STOXX Limited.

Price and volatility performance

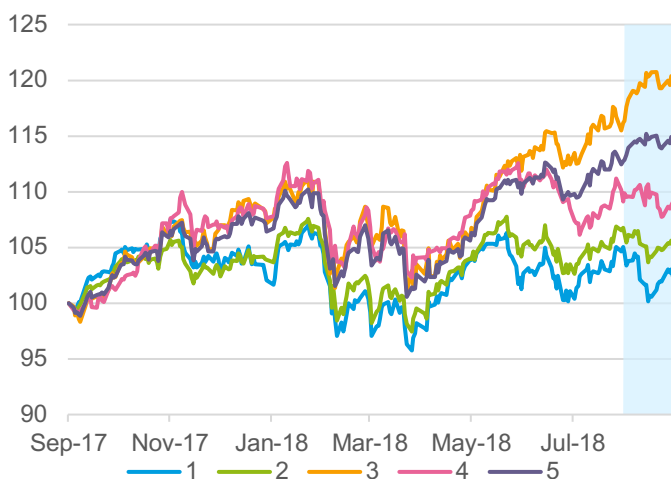


Figure 1: Annual price performance, EUR Net Return. Sep. 2017 – Aug. 2018. Shaded area: Aug. 2018. Source: STOXX Limited.

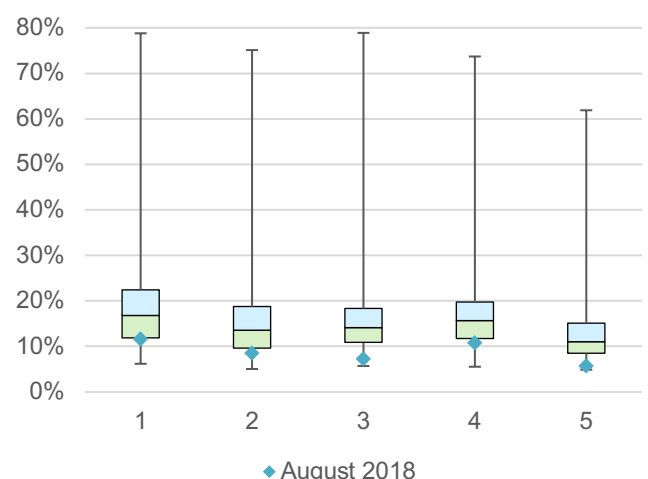


Figure 2: Monthly annualized volatility analysis, EUR Net Return. Jan. 2004 – Aug. 2018. Source: STOXX Limited.

Europe Factor Indices

Key points

Pure factor investing worked well in Europe during the month. Five of the seven iSTOXX® Europe Factor Market Neutral Indices posted a positive return, while the remaining two still outperformed the benchmark index. The iSTOXX Europe Factor Market Neutral Indices neutralize systematic risk by holding a short position in futures on the STOXX Europe 600.

The best performer in the group was the iSTOXX® Europe Carry Factor Market Neutral Index, which rebounded from July's losses with a 1.3% gain. The iSTOXX® Europe Value Factor Market Neutral Index was the worst strategy in August after falling 0.5%. It is now down 5.3% this year, leading losses. By contrast, the Carry Factor Market Neutral Index – which tracks stocks with high growth potential based on earnings and dividends – is up 2.6% in 2018.

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 | 1.3 | 2.6 | 2.1 | 0.7 | -0.6 | -0.1 | 3.5 | 3.4 | 3.4 | 6.3 | 7.7 | 8.0 |
| 2. iSTOXX Europe Low Risk Factor Market Neutral | 1.0 | 2.4 | 4.3 | 0.4 | -0.8 | 2.1 | 3.9 | 3.2 | 2.9 | 6.4 | 7.3 | 7.3 |
| 3. iSTOXX Europe Momentum Factor Market Neutral | -0.1 | -0.6 | 2.0 | -0.6 | -3.7 | -0.2 | 3.9 | 3.3 | 3.2 | 7.5 | 7.8 | 7.7 |
| 4. iSTOXX Europe Quality Factor Market Neutral | 0.6 | -0.6 | -1.1 | 0.0 | -3.7 | -3.2 | 3.6 | 3.1 | 3.0 | 6.6 | 7.4 | 7.5 |
| 5. iSTOXX Europe Size Factor Market Neutral | 0.2 | -0.3 | -0.6 | -0.3 | -3.4 | -2.7 | 3.5 | 4.3 | 4.2 | 7.2 | 8.5 | 8.5 |
| 6. iSTOXX Europe Value Factor Market Neutral | -0.5 | -5.3 | -6.1 | -1.1 | -8.3 | -8.1 | 5.0 | 4.3 | 4.0 | 8.9 | 8.4 | 8.2 |
| 7. iSTOXX Europe Multi-Factor Market Neutral | 0.3 | -2.6 | -3.1 | -0.3 | -5.6 | -5.2 | 4.7 | 3.8 | 3.7 | 7.3 | 8.2 | 8.3 |

Risk and return performance figures for iSTOXX Europe Market Neutral Factor Indices, Net Return. Data as of Aug. 31, 2018. Source: STOXX Limited.

Price and volatility performance

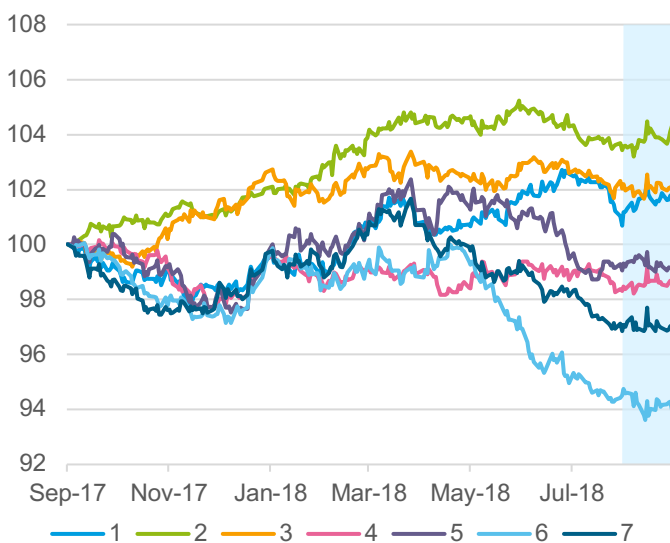


Figure 3: Annual price performance, EUR Net Return. Sep. 2017 – Aug. 2018. Shaded area: Aug. 2018. Source: STOXX Limited.

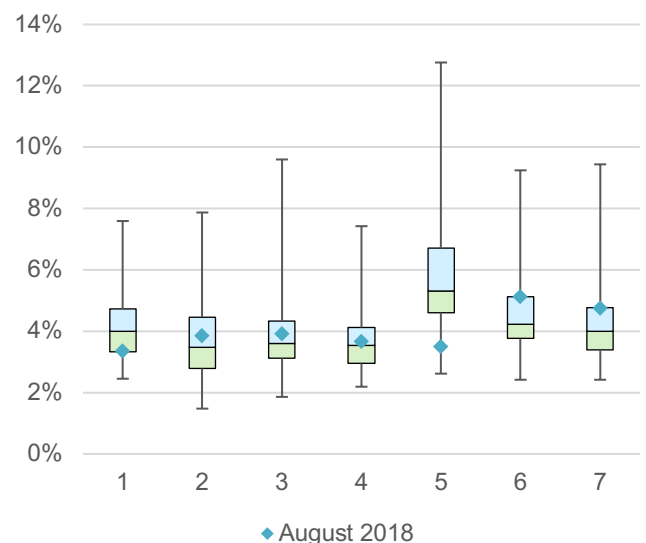


Figure 4: Monthly annualized volatility analysis, EUR Net Return. Aug. 2010 – Aug. 2018. Source: STOXX Limited.

STOXX Thematic Indices

Key points

All but one of the STOXX thematic indices outperformed in August when measured in dollars against the Global 1800 Index. The iSTOXX[®] FactSet Breakthrough Healthcare Index rose 6% in the month to lead gains.

The iSTOXX[®] FactSet Ageing Population Index was the exception, underperforming with just a 0.3% gain during the month. The index is also lagging behind the rest of the group on a one-year basis, being the only one not to post double-digit growth in the period.

The STOXX thematic indices family expanded in August with the launch of three new gauges: the STOXX[®] Global Fintech Index, the STOXX[®] Yewno Developed Markets Blockchain Index and the iSTOXX[®] Developed Markets B.R.A.I.N. Index. The latter is made up of companies that generate more than 50% of their revenue from biotechnology, robotics, artificial intelligence (AI) and nanotechnology.

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 | 3.6 | 12.5 | 22.4 | 3.0 | 9.0 | 19.8 | 6.5 | 11.5 | 10.7 | 8.6 | 10.9 | 9.6 | 2.7 |
| 2. STOXX Global Artificial Intelligence | 3.4 | 16.0 | 32.0 | 2.8 | 12.4 | 29.1 | 12.1 | 21.0 | 19.2 | 12.7 | 19.9 | 17.9 | 4.8 |
| 3. iSTOXX FactSet Digitalisation | 5.1 | 21.1 | 29.2 | 4.5 | 17.4 | 26.4 | 9.0 | 12.3 | 11.2 | 9.2 | 11.7 | 10.4 | 5.3 |
| 4. iSTOXX FactSet Automation & Robotics | 3.3 | 7.1 | 20.5 | 2.7 | 3.7 | 17.9 | 10.9 | 13.9 | 13.0 | 13.6 | 13.8 | 12.7 | 5.0 |
| 5. iSTOXX FactSet Ageing Population | 0.8 | 3.9 | 7.6 | 0.3 | 0.7 | 5.3 | 5.3 | 9.5 | 8.9 | 8.4 | 9.6 | 8.5 | 1.9 |
| 6. iSTOXX FactSet Breakthrough Healthcare | 6.6 | 19.0 | 29.6 | 6.0 | 15.3 | 26.8 | 10.3 | 14.4 | 13.5 | 11.3 | 14.6 | 13.2 | 5.5 |

Risk and return performance figures for STOXX thematic indices, Net Return. Data as of Aug. 31, 2018.
Source: STOXX Limited.

Price and volatility performance

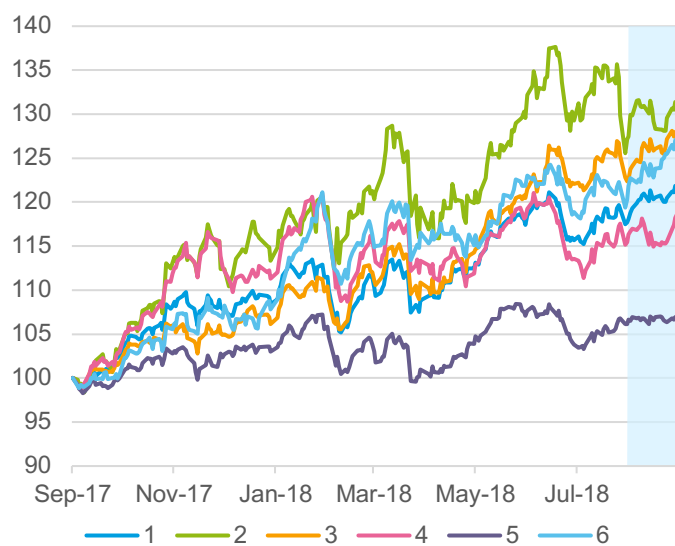


Figure 5: Annual price performance, EUR Net Return. Sep. 2017 – Aug. 2018. Shaded area Aug. 2018. Source: STOXX Limited.

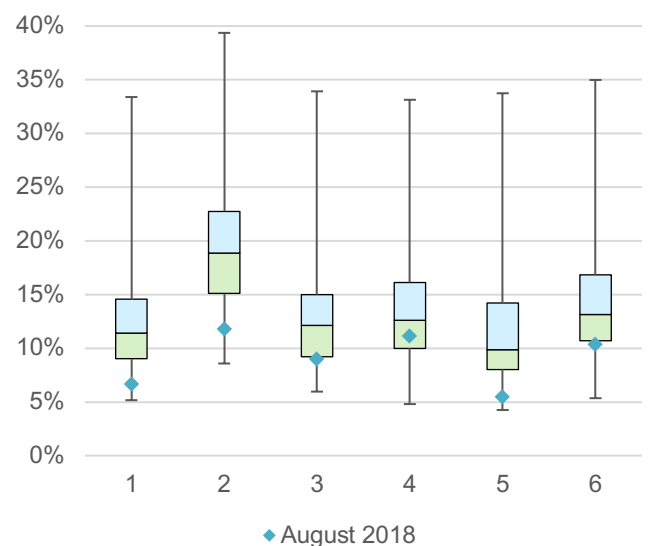


Figure 6: Monthly annualized volatility analysis, EUR Net Return. Apr. 2013 – Aug. 2018. Source: STOXX Limited.

ESG & Sustainable Investing Indices

Key points

Environmental, social and governance (ESG), and low carbon strategies outperformed on a global basis in August, extending their year-to-date lead.

The lead carried over to the US. The STOXX® USA ESG Impact Index and the STOXX® USA Low Carbon Index both topped the 3.4% advance for the STOXX® USA 900 Index.

In Europe, on the other hand, sustainable investing performed broadly in line with benchmarks.

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 | -2.2 | 0.3 | 4.4 | -2.8 | -2.8 | 2.2 | 8.4 | 11.6 | 10.4 | 14.3 | 12.9 | 11.4 | 1.8 |
| 2. STOXX USA ESG Impact | 4.1 | 13.1 | 22.3 | 3.5 | 9.6 | 19.7 | 7.7 | 15.4 | 13.9 | 7.2 | 14.6 | 12.4 | 3.1 |
| 3. STOXX Global ESG Impact | 2.4 | 9.0 | 16.5 | 1.8 | 5.6 | 14.0 | 6.0 | 11.4 | 10.5 | 8.1 | 11.2 | 9.6 | 2.3 |
| 4. STOXX Europe 600 Low Carbon | -1.8 | 0.9 | 5.2 | -2.4 | -2.2 | 3.0 | 8.4 | 11.7 | 10.5 | 14.3 | 13.0 | 11.5 | 1.8 |
| 5. STOXX USA Low Carbon | 4.0 | 14.1 | 22.3 | 3.5 | 10.5 | 19.7 | 7.4 | 15.4 | 13.8 | 7.1 | 14.5 | 12.4 | 3.1 |
| 6. STOXX Global 1800 Low Carbon | 1.9 | 8.7 | 15.8 | 1.4 | 5.3 | 13.3 | 5.6 | 11.2 | 10.2 | 8.0 | 10.8 | 9.3 | 2.1 |

Risk and return performance figures for STOXX ESG and Sustainable Investing Indices, Net Return. Data as of Aug. 31, 2018.
Source: STOXX Limited.

Price and volatility performance



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

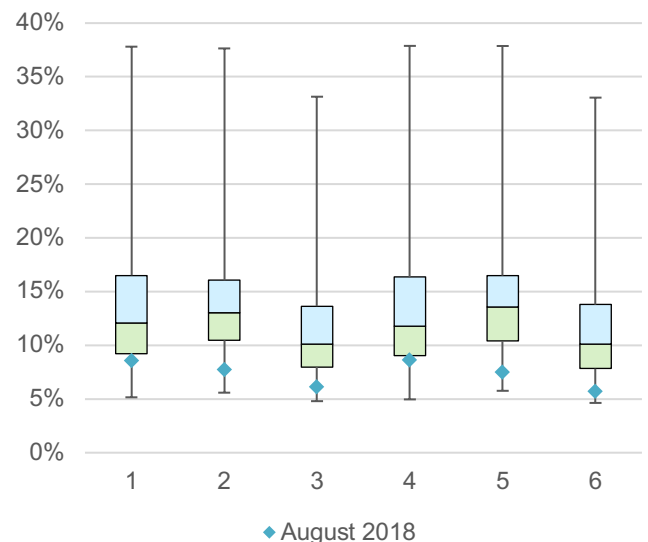


Figure 8: Monthly annualized volatility analysis, EUR Net Return. Oct. 2012 – Aug. 2018. Source: STOXX Limited.

Minimum Variance Indices

Key points

Minimum variance strategies paid off in Europe, where broader indices fell over August amid concerns of an economic slowdown, possible fiscal shortfalls in Italy and the financial spillover from weaker emerging-market currencies.

The STOXX® Europe 600 Minimum Variance Index fell 0.4% and the unconstrained version of the index added 0.2%. That compares with the 2.1% retreat for the STOXX Europe 600.

The opposite was true for a global portfolio. The STOXX® Global 1800 Minimum Variance Index rose 0.6% and its unconstrained version gained 0.9%, in dollars. That compares with the 1.2% gain for the benchmark STOXX Global 1800.

The STOXX Minimum Variance Indices offer investors a low-volatility, low-correlation portfolio for relative protection in market downturns. They come in two versions: constrained and unconstrained. The former have a similar exposure to a market-capitalization 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 (%) | | | | | | P/B |
|---------------------------------------|------------|------|------|------|------|------|---------------------------|------|------|------|------|------|-----|
| | EUR | | | USD | | | EUR | | | USD | | | |
| | 1M | YTD | 1Y | 1M | YTD | 1Y | 1M | YTD | 1Y | 1M | YTD | 1Y | |
| 1. STOXX Europe 600 MV | -0.4 | 2.2 | 6.2 | -1.0 | -1.0 | 3.9 | 6.2 | 9.7 | 9.0 | 11.5 | 11.1 | 10.1 | 2.2 |
| 2. STOXX Europe 600 MV Unconstrained | 0.2 | 4.4 | 8.6 | -0.3 | 1.2 | 6.3 | 6.2 | 9.6 | 9.0 | 11.4 | 11.1 | 10.2 | 2.3 |
| 3. STOXX USA 900 MV | 3.3 | 10.2 | 17.9 | 2.7 | 6.8 | 15.4 | 8.6 | 12.6 | 11.5 | 5.9 | 11.3 | 9.8 | 3.0 |
| 4. STOXX USA 900 MV Unconstrained | 2.7 | 9.4 | 15.6 | 2.2 | 6.0 | 13.1 | 9.0 | 11.6 | 10.6 | 5.7 | 10.2 | 8.9 | 3.1 |
| 5. STOXX Global 1800 MV | 1.2 | 5.6 | 9.5 | 0.6 | 2.3 | 7.2 | 7.5 | 9.2 | 8.6 | 4.9 | 8.0 | 7.1 | 2.2 |
| 6. STOXX Global 1800 MV Unconstrained | 1.5 | 5.6 | 9.4 | 0.9 | 2.3 | 7.1 | 7.2 | 8.6 | 8.3 | 5.4 | 7.7 | 6.9 | 1.7 |

Risk and return performance figures for STOXX Minimum Variance Indices, Net Return. Data as of Aug. 31, 2018.
Source: STOXX Limited.

Price and volatility performance

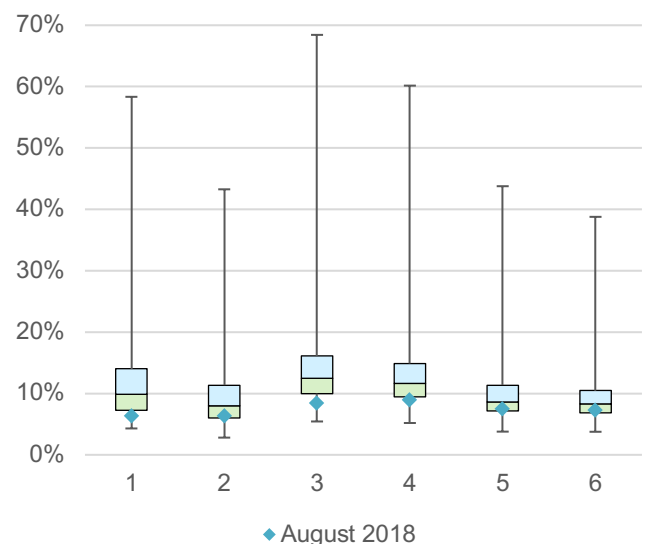
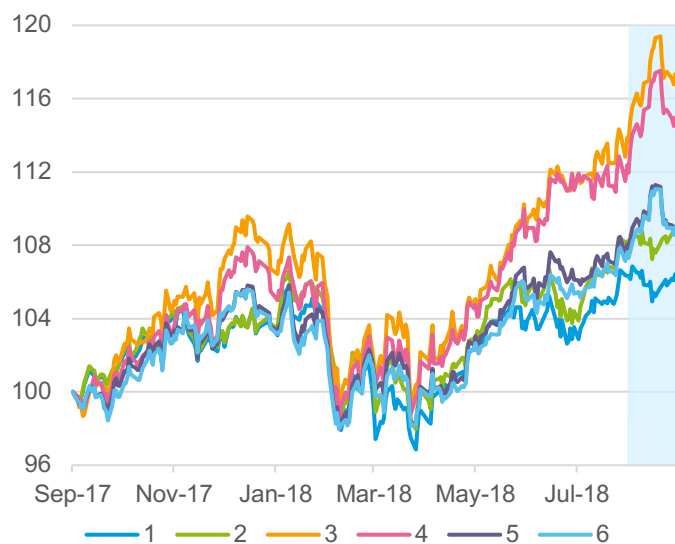


Figure 9: Annual price performance, EUR Net Return. Sep. 2017 – Aug. 2018. Shaded area: Aug. 2018. Source: STOXX Limited.

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

Dividend Indices

Key points

Dividend strategies struggled in August.

The STOXX® Global Maximum Dividend 40 Index, STOXX® Global Select Dividend 100 Index and STOXX® Global Select 100 EUR Index are all derived from the Global 1800 Index and track different income approaches. They fell, on average, 2% in dollar terms over the month.

Income equity strategies have underperformed 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 (%) | | | | | | P/B |
|-------------------------------------|------------|------|------|------|------|------|---------------------------|------|-----|------|------|------|-----|
| | EUR | | | USD | | | EUR | | | USD | | | |
| | 1M | YTD | 1Y | 1M | YTD | 1Y | 1M | YTD | 1Y | 1M | YTD | 1Y | |
| 1. STOXX Global Maximum Dividend 40 | -1.8 | -5.3 | -2.2 | -2.4 | -8.2 | -4.3 | 6.8 | 10.6 | 9.7 | 11.5 | 12.0 | 10.7 | 1.5 |
| 2. STOXX Global Select Dividend 100 | -1.5 | -0.1 | 5.6 | -2.0 | -3.2 | 3.4 | 6.3 | 8.1 | 7.7 | 9.0 | 8.6 | 7.6 | 1.7 |
| 3. STOXX Global Select 100 EUR | -1.2 | 0.9 | 3.1 | -1.7 | -2.2 | 0.9 | 4.8 | 8.1 | 7.4 | 8.7 | 9.2 | 8.1 | 1.3 |

Risk and return performance figures for STOXX Dividend Indices, Net Return. Data as of Aug. 31, 2018.
Source: STOXX Limited.

Price and volatility performance



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

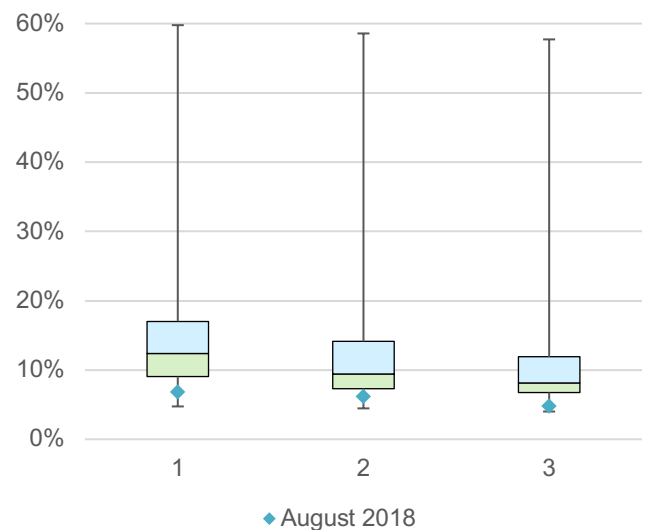


Figure 12: Monthly annualized volatility analysis, EUR Net Return. Jul. 2004 – Aug. 2018. Source: STOXX Limited.

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