

STOXX

MONTHLY INDEX NEWS

July 2018

INDEX

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GLOBAL

INSIGHT

MARKETS

STOXX Benchmark Indices

Key points

Benchmark indices posted gains around the world in July, as buoyant economic and corporate data helped turn investors' focus away from fears of a trade war. The STOXX® Global 1800 Index rose 3.1% in dollar terms, its best monthly showing since January, as European and North American stock markets rose.

The EURO STOXX 50® Index of Eurozone blue chips gained 3.9% in euros while the STOXX® Europe 600 Index advanced 3.1%. The performance helped both indices revert year-to-date losses. The STOXX® North America 600 Index rose 3.5% in dollars and is now less than 2% below its January high. On a euro basis, the index is trading at a record high.

The STOXX® Asia/Pacific 600 Index underperformed with a 0.8% advance during the month, following a 1% drop in the yen against the US dollar and a 1.3% decline against the euro. Japanese stocks account for 69% of the index. The STOXX® Asia/Pacific 600 ex Japan Index, meanwhile, gained 1.8%.

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	3.9	2.9	5.0	4.2	0.3	4.2	10.3	13.3	11.8	12.6	14.0	12.1	1.8
2. STOXX Europe 600	3.1	2.8	6.5	3.4	0.1	5.7	8.9	12.1	10.6	11.5	12.8	10.9	1.9
3. STOXX North America 600	3.3	8.5	16.0	3.5	5.7	15.1	11.0	15.8	13.7	8.3	14.8	12.0	3.0
4. STOXX Asia/Pacific 600	0.5	1.4	8.7	0.8	-1.2	7.9	10.9	12.5	11.2	10.9	12.4	10.7	1.2
5. STOXX Global 1800	2.9	6.0	12.5	3.1	3.3	11.7	8.2	11.8	10.5	6.8	11.2	9.2	2.1

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

Price and volatility performance

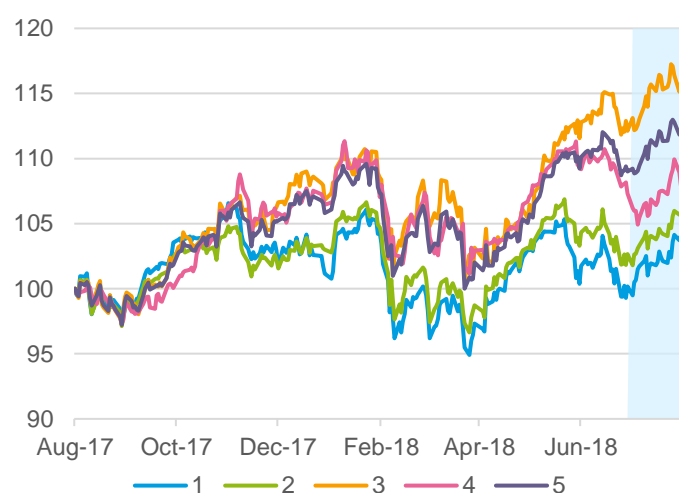


Figure 1: Annual price performance, EUR Net Return.
Aug. 2017 – July 2018. Shaded area: July 2018.
Source: STOXX Limited.

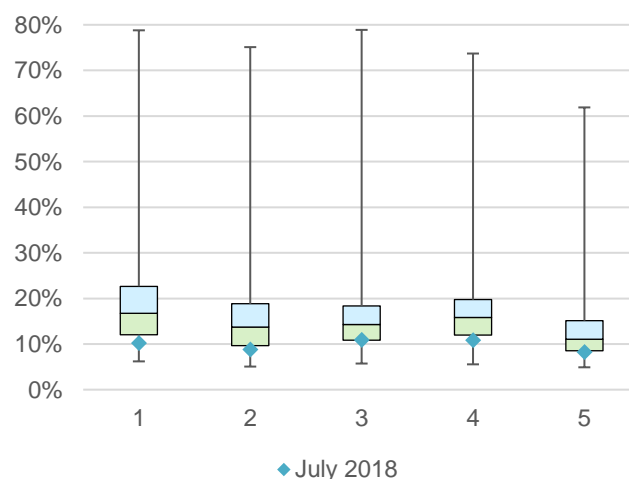


Figure 2: Monthly annualized volatility analysis, EUR Net Return.
Jan. 2004 – July 2018.
Source: STOXX Limited.

Europe Factor Indices

Key points

Pure factor investing showed negative results over the month. All 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.

Increased bullishness may have been behind a style rotation among factor strategies. The iSTOXX® Europe Carry Factor Market Neutral Index, which beat all other five strategies in the iSTOXX® Europe Factor Indices in the previous month, fell 1.8%. That compares with an average retreat of 0.7% for the market-neutral indices tracking value, size, low risk, momentum, quality and multi-factor strategies.

The Carry Factor Index targets stocks with high growth potential based on earnings and dividends.

Low risk is now the best-performing factor in 2018 (as measured in euros) when isolating the market's performance, while value remains in the bottom slot.

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	-1.8	1.3	1.7	-1.6	-1.3	1.0	2.5	3.4	3.3	7.0	7.9	8.2
2. iSTOXX Europe Low Risk Factor Market Neutral	-0.8	1.4	2.7	-0.6	-1.2	1.9	2.4	3.2	2.8	5.7	7.4	7.5
3. iSTOXX Europe Momentum Factor Market Neutral	-0.5	-0.6	2.2	-0.3	-3.1	1.4	2.8	3.2	3.1	6.6	7.8	7.9
4. iSTOXX Europe Quality Factor Market Neutral	-0.4	-1.2	-0.8	-0.2	-3.7	-1.6	2.6	3.0	2.9	6.3	7.5	7.7
5. iSTOXX Europe Size Factor Market Neutral	-0.4	-0.5	-1.5	-0.2	-3.1	-2.2	2.8	4.4	4.2	6.3	8.6	8.7
6. iSTOXX Europe Value Factor Market Neutral	-0.5	-4.8	-5.6	-0.2	-7.3	-6.3	2.7	4.2	3.8	6.3	8.4	8.3
7. iSTOXX Europe Multi-Factor Market Neutral	-1.3	-2.8	-3.0	-1.1	-5.3	-3.8	2.5	3.6	3.5	6.5	8.3	8.4

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

Price and volatility performance

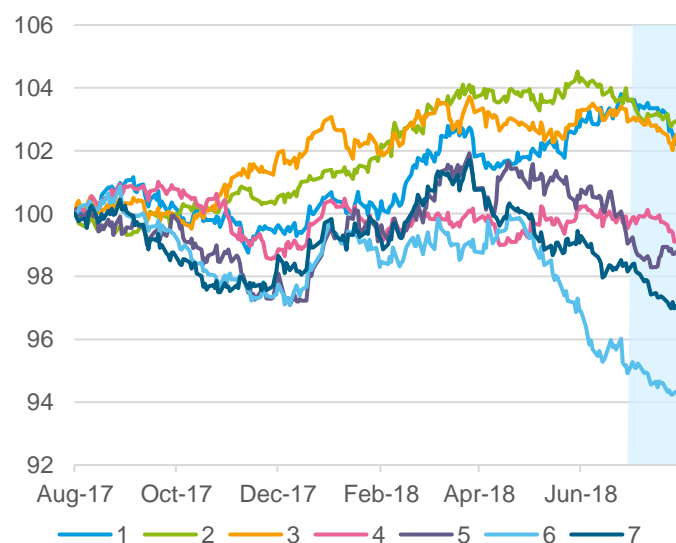


Figure 3: Annual price performance, EUR Net Return. Aug. 2017 – July 2018. Shaded area: July 2018. Source: STOXX Limited.

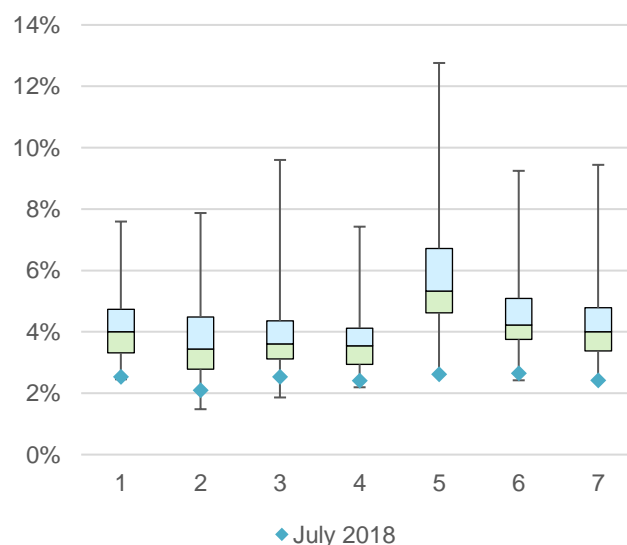


Figure 4: Monthly annualized volatility analysis, EUR Net Return. Aug. 2010 – July 2018. Source: STOXX Limited.

STOXX Thematic Indices

Key points

Thematic investing's results also lagged behind in an environment of broad-market gains. All six gauges in the STOXX Thematic Indices family underperformed the STOXX Global 1800 Index in July.

The iSTOXX® FactSet Ageing Population Index and 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, were the best performers over the month.

The STOXX® Global Artificial Intelligence Index, which also targets companies exposed to AI but using revenue-based criteria, was the worst performer. The index declined 1.4%, dragged lower by a slump in Facebook Inc. shares.

Despite the month's lagging performance, almost all STOXX Thematic Indices, which give investors access to global megatrends changing the modern world, are comfortably ahead of the benchmark 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 AI Global Artificial Intelligence	1.8	8.6	17.4	2.0	5.8	16.6	10.3	12.1	11.0	8.1	11.2	9.5	2.8
2. STOXX Global Artificial Intelligence	-1.6	12.2	30.7	-1.4	9.3	29.7	22.9	22.1	19.6	20.8	20.9	18.1	4.8
3. iSTOXX FactSet Digitalisation	0.2	15.3	22.3	0.4	12.3	21.4	12.3	12.7	11.5	10.8	12.0	10.3	6.4
4. iSTOXX FactSet Automation & Robotics	1.6	3.7	19.9	1.8	1.0	19.0	13.3	14.3	13.0	11.8	13.8	12.2	4.7
5. iSTOXX FactSet Ageing Population	2.2	3.0	6.7	2.4	0.4	5.9	7.4	9.9	9.2	7.5	9.8	8.3	1.9
6. iSTOXX FactSet Breakthrough Healthcare	1.2	11.6	25.5	1.4	8.7	24.6	12.4	14.9	13.6	12.5	15.0	13.1	5.3

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

Price and volatility performance

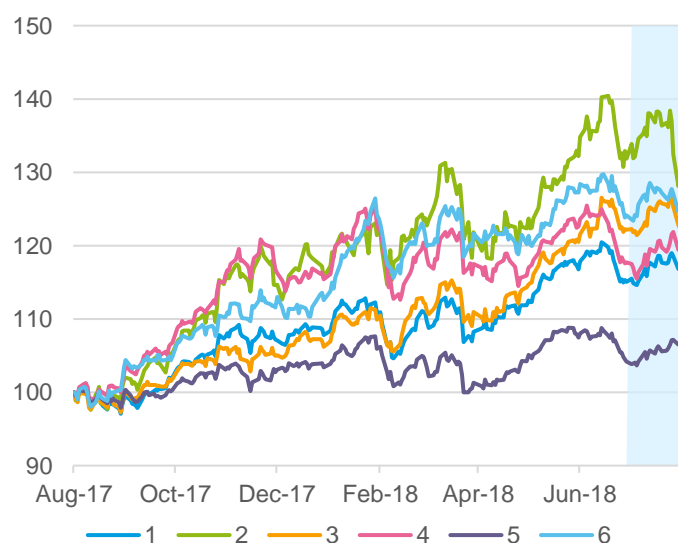


Figure 5: Annual price performance, EUR Net Return. Aug. 2017 – July 2018. Shaded area July 2018. Source: STOXX Limited.

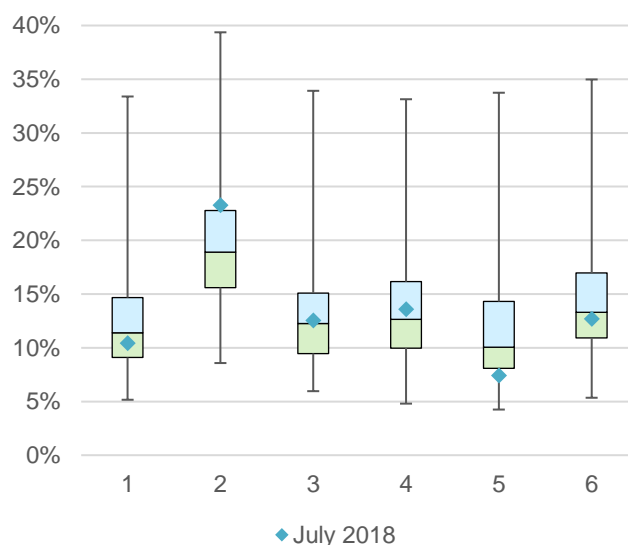


Figure 6: Monthly annualized volatility analysis, EUR Net Return. Apr. 2013 – July 2018. Source: STOXX Limited.

ESG & Sustainable Investing Indices

Key points

Environmental, social and governance (ESG) strategies performed broadly in line with benchmarks in July. On a global basis, STOXX sustainable investing indices have posted better returns than the 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	3.2	2.6	6.0	3.4	-0.1	5.2	8.7	12.0	10.5	11.4	12.7	10.8	1.8
2. STOXX USA ESG Impact	3.5	8.6	16.5	3.7	5.8	15.6	12.0	16.3	14.3	9.6	15.4	12.6	3.2
3. STOXX Global ESG Impact	3.3	6.5	13.4	3.5	3.7	12.5	8.8	12.1	10.8	7.7	11.6	9.5	2.3
4. STOXX Europe 600 Low Carbon	3.1	2.8	6.4	3.3	0.2	5.6	8.9	12.1	10.6	11.5	12.8	10.8	1.8
5. STOXX USA Low Carbon	3.1	9.6	17.1	3.4	6.8	16.2	11.5	16.3	14.2	8.9	15.3	12.5	3.1
6. STOXX Global 1800 Low Carbon	2.7	6.6	13.0	3.0	3.9	12.2	8.3	11.8	10.5	7.1	11.2	9.2	2.1

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

Price and volatility performance

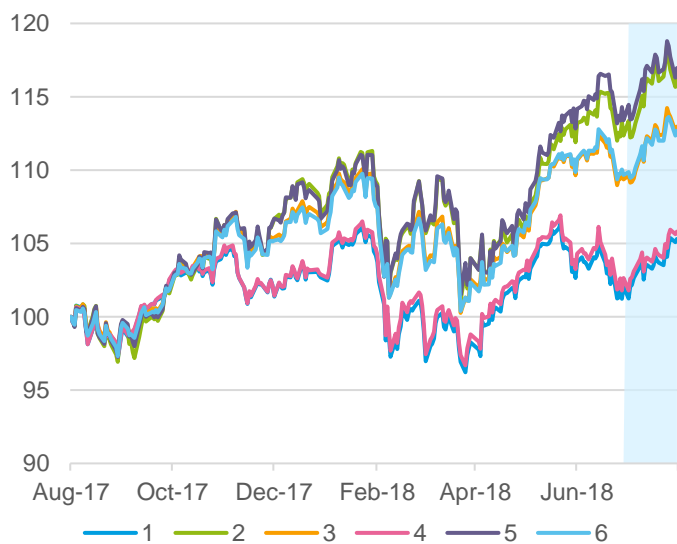


Figure 7: Annual price performance, EUR Net Return. Aug. 2017 – July 2018. Shaded area: July 2018. Source: STOXX Limited.

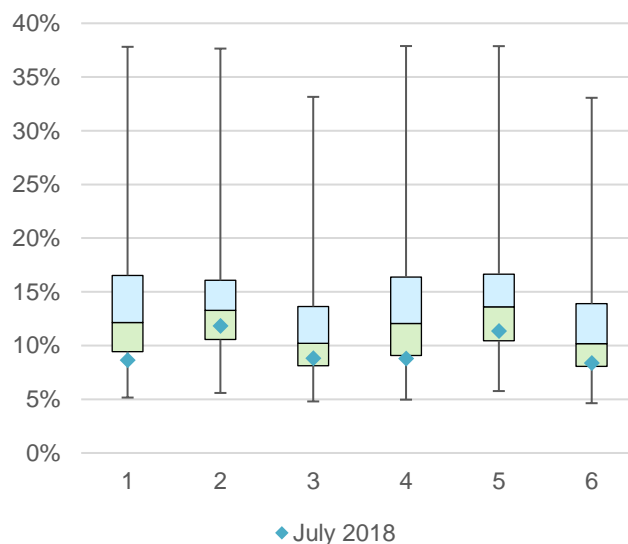


Figure 8: Monthly annualized volatility analysis, EUR Net Return. Oct. 2012 – July 2018. Source: STOXX Limited.

Minimum Variance Indices

Key points

Minimum variance strategies stood out for their strong returns in July even as investors increased their risk tolerance. They also achieved the gains with lower volatility levels relative to their benchmarks and to their own recent history.

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.

The two strategies showed diverse performance in July. The STOXX® Europe 600 Minimum Variance Index, for example, rose 2.7% in euros while its unconstrained version advanced 3.5%. That compares with the 3.1% gain for the benchmark STOXX Europe 600. The minimum variance indices displayed volatility levels that were up to 3 percentage points lower than that of their benchmark.

Minimum variance strategies based on the Global 1800 Index underperformed in July.

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	2.7	2.6	6.8	2.9	0.0	6.0	6.2	10.1	9.1	9.5	11.1	9.7	2.2
2. STOXX Europe 600 MV Unconstrained	3.5	4.2	9.3	3.8	1.5	8.5	5.9	10.1	9.2	9.7	11.1	9.9	2.3
3. STOXX USA 900 MV	2.5	6.7	12.8	2.7	4.0	11.9	9.5	13.1	11.7	6.3	11.9	9.8	2.9
4. STOXX USA 900 MV Unconstrained	1.2	6.5	11.4	1.4	3.8	10.6	9.7	12.0	10.7	7.1	10.8	8.9	3.1
5. STOXX Global 1800 MV	1.8	4.3	7.7	2.0	1.7	6.9	6.8	9.4	8.6	5.3	8.4	7.1	2.3
6. STOXX Global 1800 MV Unconstrained	2.2	4.0	7.6	2.4	1.4	6.8	6.1	8.8	8.4	4.9	8.0	6.9	1.8

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

Price and volatility performance

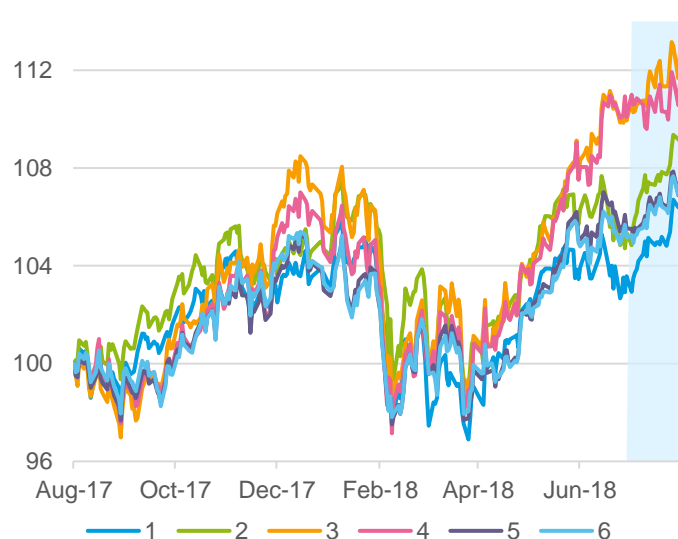


Figure 9: Annual price performance, EUR Net Return. Aug. 2017 – July 2018. Shaded area: July 2018. Source: STOXX Limited.

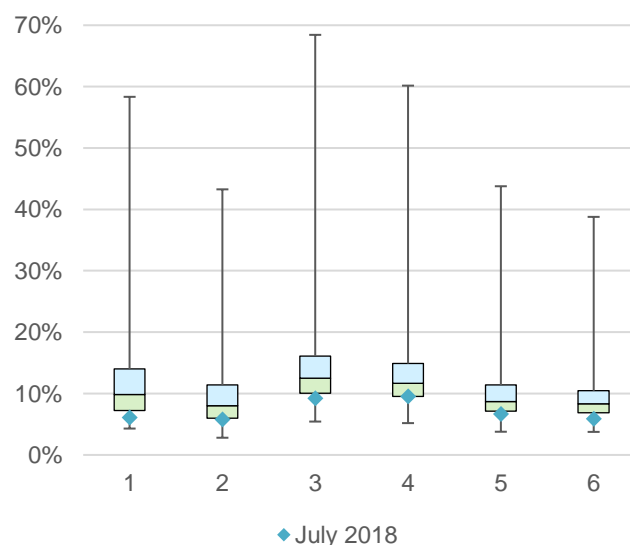


Figure 10: Monthly annualized volatility analysis, EUR Net Return Jan. 2004 – July 2018. Source: STOXX Limited.

Dividend Indices

Key points

Dividend strategies performed broadly in line with benchmarks in July.

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.

The STOXX Global Select 100 EUR Index, which blends increasing dividend yields with low stock price volatility, rose 3.0%. The STOXX Global Select Dividend 100 Index, which tracks companies with sizeable dividends but also applies a quality filter such as a history of stable payments, advanced 2.9% in dollar terms. The STOXX Global Maximum Dividend 40 Index, which prioritizes only high dividend yields, added 2.3%.

Dividend strategies have underperformed in the past year as the US Federal Reserve raises interest rates, increasing the appeal of bond payments relative to dividends. This is particularly true of a strategy that seeks the highest relative yields, such as represented by the STOXX Global Maximum Dividend 40 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	2.1	-3.5	-1.5	2.3	-6.0	-2.2	8.7	11.0	10.0	11.1	12.1	10.4	1.6
2. STOXX Global Select Dividend 100	2.6	1.4	5.7	2.9	-1.2	4.9	5.3	8.4	8.0	6.5	8.5	7.3	1.8
3. STOXX Global Select 100 EUR	2.8	2.1	3.7	3.0	-0.5	2.9	5.3	8.5	7.6	7.8	9.3	7.8	1.4

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

Price and volatility performance

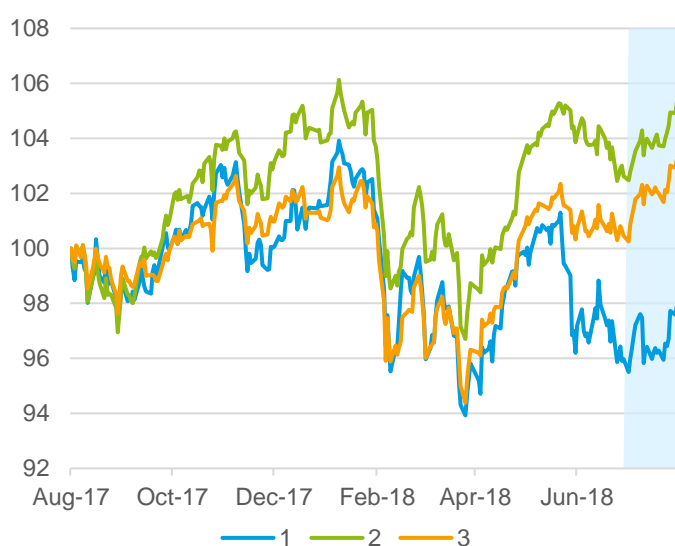


Figure 11: Annual price performance, EUR Net Return. Aug. 2017 – July 2018. Shaded area: July 2018. Source: STOXX Limited.

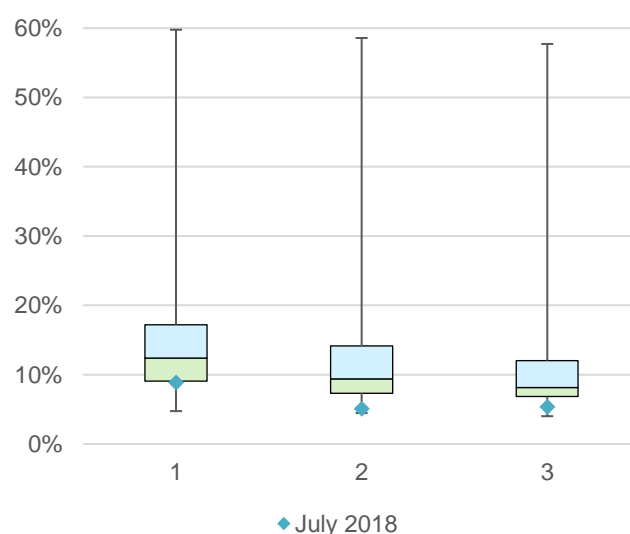


Figure 12: Monthly annualized volatility analysis, EUR Net Return. Jul. 2004 – July 2018. Source: STOXX Limited.

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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.