

STOXX

MONTHLY INDEX NEWS

March 2018

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RESEARCH

GLOBAL

INSIGHT

MARKETS

STOXX Benchmark Indices

Key points

Fears that the US government may lead the world into a trade war heightened investor anxiety in March, at a time when US interest rates are rising and concerns emerge about earnings prospects in the technology sector.

The STOXX® Global 1800 Index declined 3% in the month when measured in euros, its worst monthly performance since January 2016. In US dollars, the index fell 2.2% after a 0.9% advance in the common currency over the month.

The EURO STOXX 50® Index declined for a fourth month in five, paced by financial firms. Excluding dividends, the index fell in March to its lowest since February 2017.

The STOXX® Asia/Pacific 600 Index, which had weathered much of February's market decline, succumbed to the broader weakness in March, underperforming indices in other regions and erasing its year-to-date's gains. The retreat may reflect investors' concerns that import tariffs could damage the standing of Asian technology and goods manufacturers.

Asia/Pacific, however, is the only major region to be performing positively in the past 12 months.

All regions registered higher annualized volatility readings than in the past year, even if the ratios were slightly lower than those seen in February.

Risk and return characteristics

	Return (%)			Annualized volatility (%)			Sharpe ratio (1Y)	Dividend yield (1Y)	P/B	Volatility percentile
	1M	YTD	1Y	1M	YTD	1Y				
1. Euro STOXX 50	-2.2	-3.8	-1.7	15.6	15.0	11.9	-0.1	2.3	1.7	44 th
2. STOXX Europe 600	-2.0	-4.2	-0.2	14.5	13.8	10.1	0.0	2.5	1.8	56 th
3. STOXX North America 600	-3.2	-3.4	-1.7	20.6	19.5	13.0	-0.1	1.4	2.8	80 th
4. STOXX Asia/Pacific 600	-3.9	-3.3	0.5	18.2	16.4	11.5	0.0	2.1	1.3	70 th
5. STOXX Global 1800	-3.0	-3.6	-1.0	15.8	14.5	10.1	-0.1	1.8	2.1	78 th

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

Price and volatility performance

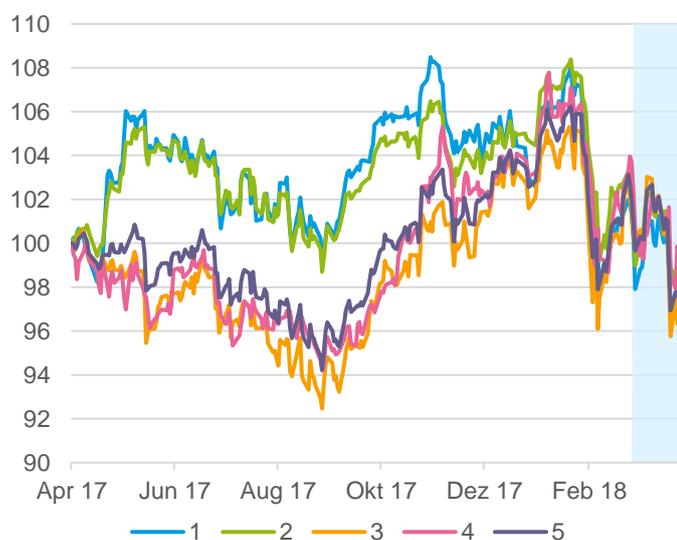


Figure 1: Annual price performance, EUR Net Return. Apr. 2017 – Mar. 2018. Shaded area: Mar. 2018.
Source: STOXX Limited.

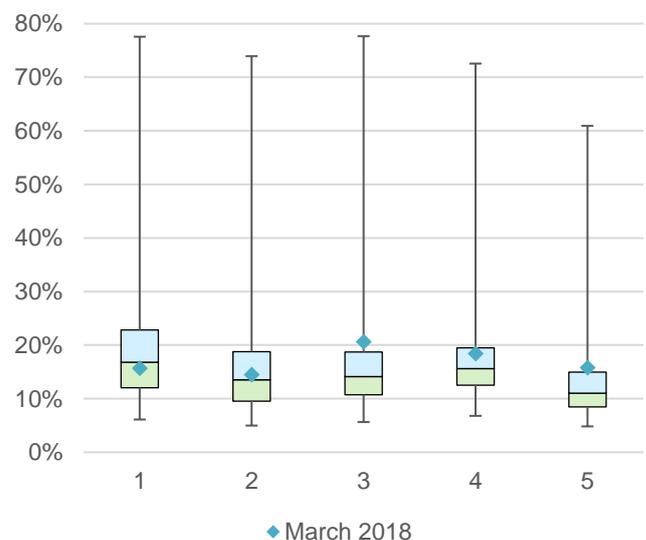


Figure 2: Monthly annualized volatility analysis, EUR Net Return. Jan. 2004 – Mar. 2018.
Source: STOXX Limited.

Europe Factor Indices

Key points

Pure factor investing had another positive month. All but two 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 Index, posted a gain in March.

The iSTOXX® Europe Value Factor Market Neutral Index and the iSTOXX® Europe Quality Factor Market Neutral Index declined over the month. They are also the only two indices in the factor market-neutral family to register a loss so far in 2018.

Risk and return characteristics

	Return (%)			Annualized volatility (%)			Volatility percentile
	1M	YTD	1Y	1M	YTD	1 Y	
1. iSTOXX Europe Carry Factor Market Neutral	0.2	1.3	2.8	4.4	3.8	3.4	64 th
2. iSTOXX Europe Low Risk Factor Market Neutral	0.5	2.3	3.2	3.2	3.6	2.6	48 th
3. iSTOXX Europe Momentum Factor Market Neutral	0.1	0.3	4.7	3.5	3.5	3.3	42 nd
4. iSTOXX Europe Quality Factor Market Neutral	-0.2	-0.6	1.5	2.7	2.8	2.9	13 th
5. iSTOXX Europe Size Factor Market Neutral	0.6	1.7	4.4	5.0	4.8	4.4	40 th
6. iSTOXX Europe Value Factor Market Neutral	-0.4	-0.5	1.9	4.3	4.3	3.6	57 th
7. iSTOXX Europe Multi-Factor Market Neutral	0.4	1.1	1.9	4.3	4.0	3.6	62 nd

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

Price and volatility performance

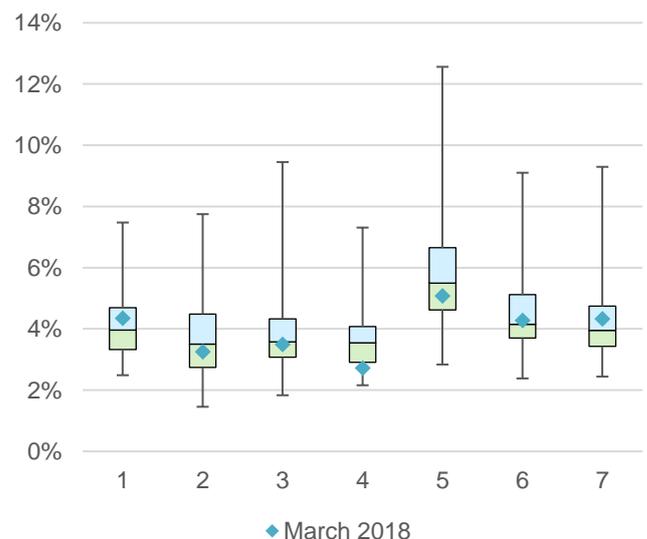
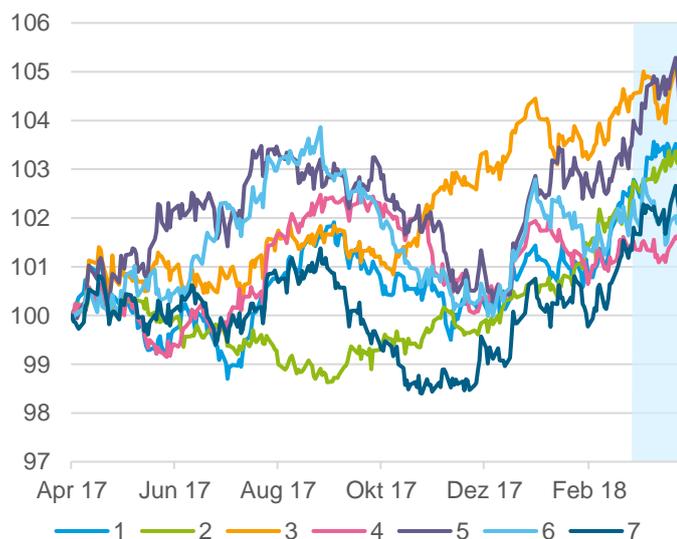


Figure 3: Annual price performance, EUR Net Return. Apr. 2017 – Mar. 2018. Shaded area: Mar. 2018. Source: STOXX Limited.

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

STOXX Thematic Indices

Key points

The iSTOXX® FactSet Breakthrough Healthcare skirted the losses seen elsewhere in March, even as the index recorded an increase in its volatility. The iSTOXX® FactSet Ageing Population, on the other hand, was the worst performer among the STOXX Thematic Indices, falling 2.8%.

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 one of the thematic indices have posted gains in the past year as investors appraise the potential of those businesses leveraged to megatrends changing the modern world. The exception has been the Ageing Population index.

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	-2.4	0.3	5.9	16.5	14.7	10.8	0.6	1.4	2.8	82 nd
2. STOXX Global Artificial Intelligence	-1.6	5.4	18.1	27.7	24.6	18.4	1.0	0.9	5.0	90 th
3. iSTOXX FactSet Digitalisation	-1.0	4.5	8.4	15.9	13.7	10.7	0.9	1.0	6.0	78 th
4. iSTOXX FactSet Automation & Robotics	-2.1	1.8	18.8	17.8	17.3	12.8	1.4	1.2	3.7	85 th
5. iSTOXX FactSet Ageing Population	-2.8	-2.0	-0.1	13.9	12.2	9.3	0.0	1.6	1.7	73 rd
6. iSTOXX FactSet Breakthrough Healthcare	0.2	8.1	19.8	20.0	17.8	13.1	1.4	0.5	4.7	92 nd

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

Price and volatility performance

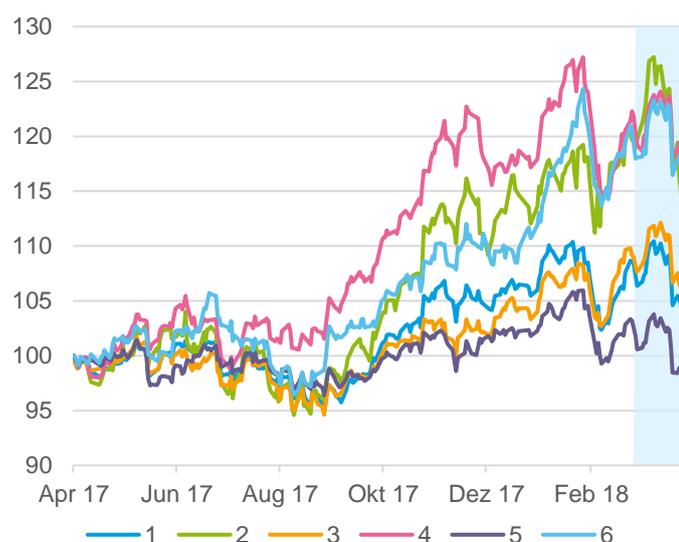


Figure 5: Annual price performance, EUR Net Return. Apr. 2017 – Mar. 2018. Shaded area Mar. 2018.
Source: STOXX Limited.

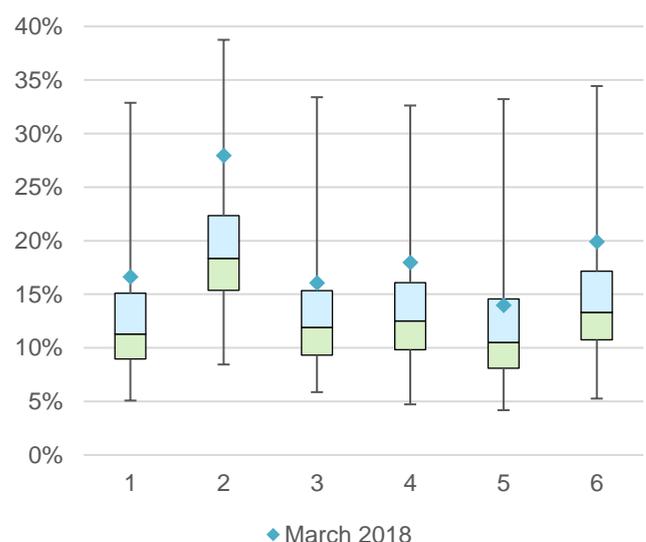


Figure 6: Monthly annualized volatility analysis, EUR Net Return. Apr. 2013 – Mar. 2018.
Source: STOXX Limited.

ESG & Sustainable Investing Indices

Key points

Europe-based sustainable investing and environmental, social and governance (ESG) strategies performed broadly in line with benchmarks, but the global and US indices lagged behind.

All major ESG and sustainable investing indices are now in negative territory for 2018.

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 Industry Neutral ESG	-2.0	-4.3	-1.2	14.4	13.6	10.1	-0.1	2.5	1.8	67 th
2. STOXX USA ESG Impact	-3.4	-2.9	-1.3	21.2	20.2	13.5	-0.1	1.5	2.9	86 th
3. STOXX Global ESG Impact	-3.3	-3.3	-0.4	16.3	14.8	10.3	0.0	1.9	2.2	82 nd
4. STOXX Europe 600 Low Carbon	-1.9	-4.0	-0.2	14.4	13.8	10.1	0.0	2.5	1.8	68 th
5. STOXX USA Low Carbon	-3.4	-2.5	-0.5	21.2	20.1	13.3	0.0	1.3	2.9	86 th
6. STOXX Global 1800 Low Carbon	-3.1	-3.2	-0.3	15.7	14.4	10.0	0.0	1.8	2.1	82 nd

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

Price and volatility performance

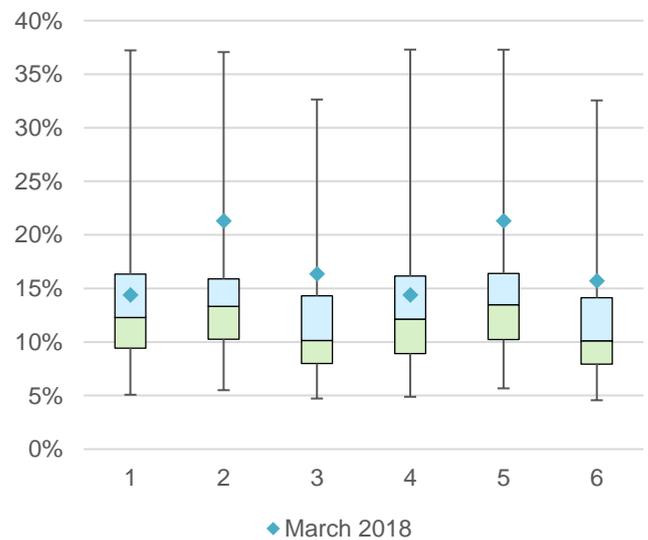


Figure 7: Annual price performance, EUR Net Return. Apr. 2017 – Mar. 2018. Shaded area: Mar. 2018. Source: STOXX Limited.

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

Minimum Variance Indices

Key points

Minimum variance strategies proved their worth again during the volatile month of March. The STOXX® Global 1800 Minimum Variance Index fell 170 basis points fewer than its benchmark, the STOXX Global 1800.

The STOXX® Europe 600 Minimum Variance Index outperformed the STOXX Europe 600 by almost 1 percentage point. The unconstrained version of the STOXX Europe 600 Minimum Variance Index also outperformed, although by a much smaller margin.

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 complete freedom to fulfill its minimum variance mandate within the same universe of stocks.

All versions of the minimum variance indices shown below displayed lower levels of annualized volatility than their benchmarks in March.

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 600 MV	-1.1	-4.5	1.0	12.2	12.5	9.5	0.2	2.1	2.3	63 rd
2. STOXX Europe 600 MV Unconstrained	-1.8	-3.5	5.1	12.2	12.4	9.7	0.6	2.1	2.3	80 th
3. STOXX USA 900 MV	0.0	-4.3	-5.0	16.0	16.3	11.4	-0.4	1.5	2.8	76 th
4. STOXX USA 900 MV Unconstrained	0.2	-3.6	-6.7	14.3	14.8	10.5	-0.6	1.6	2.9	71 st
5. STOXX Global 1800 MV	-1.3	-3.2	-3.5	11.8	11.5	8.6	-0.4	1.8	2.6	78 th
6. STOXX Global 1800 MV Unconstrained	-1.3	-3.2	-4.0	11.5	11.2	8.6	-0.4	1.8	2.5	80 th

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

Price and volatility performance

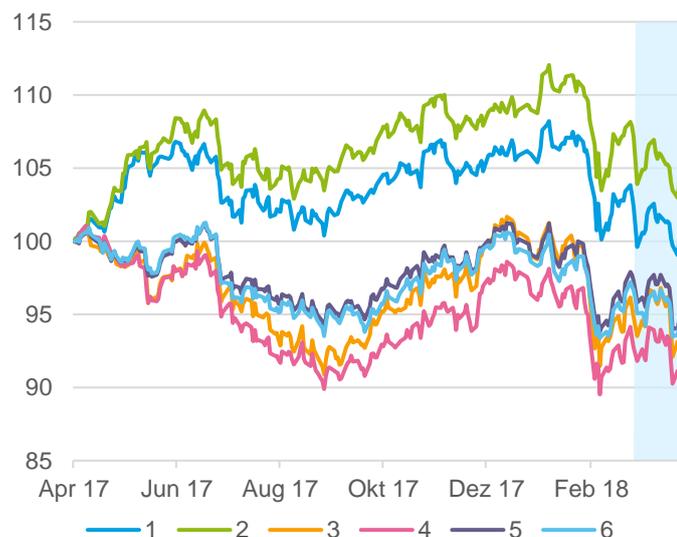


Figure 9: Annual price performance, EUR Net Return. Apr. 2017 – Mar. 2018. Shaded area: Mar. 2018.
Source: STOXX Limited.

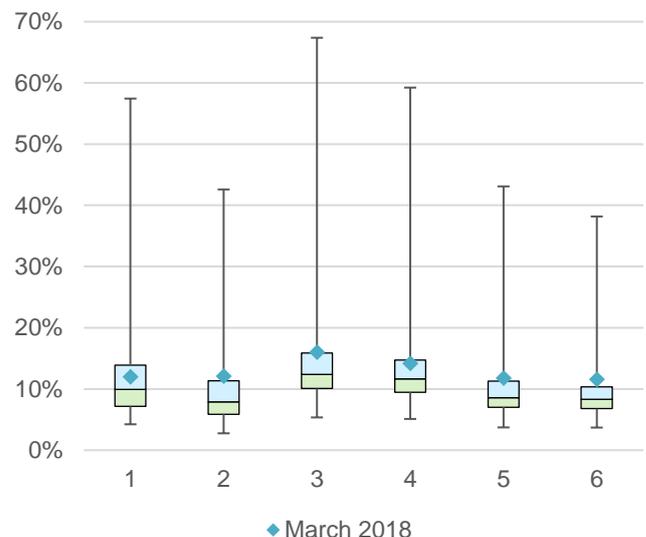


Figure 10: Monthly annualized volatility analysis, EUR Net Return Jan. 2004 – Mar. 2018.
Source: STOXX Limited.

Dividend Indices

Key points

Helped by a pullback in benchmark bond yields, dividend strategies outperformed in March, as income payments increased their relative appeal.

The three indices below track different global dividend approaches, and all fared better than the STOXX Global 1800 Index during March. Dividend strategies have struggled in the past year, as the US Federal Reserve raises interest rates, making bond payments more appealing.

All three indices registered lower levels of volatility than the broader market in the latest month.

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 Global Maximum Dividend 40	-2.6	-5.6	-1.1	12.6	11.9	10.2	0.0	9.2	1.1	53 rd
2. STOXX Global Select Dividend 100	-2.8	-4.9	-5.8	11.4	10.5	8.2	-0.7	3.4	1.7	62 nd
3. STOXX Global Select 100 EUR	-1.8	-4.7	-6.4	11.2	10.9	7.6	-0.8	3.2	1.4	73 rd

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

Price and volatility performance

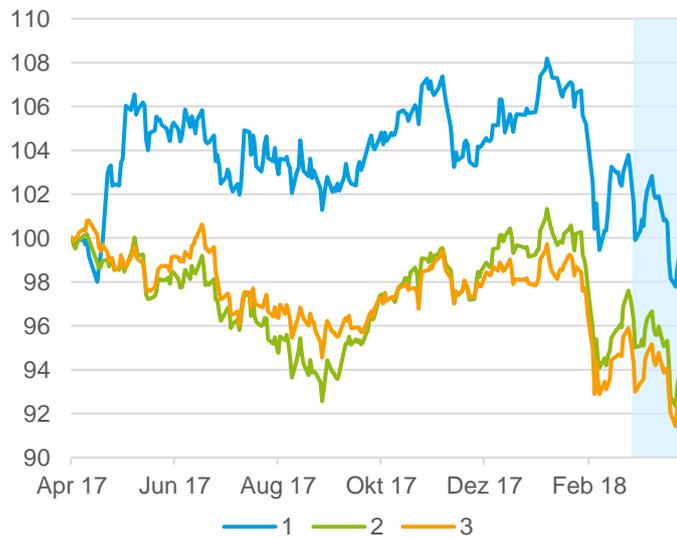


Figure 11: Annual price performance, EUR Net Return. Apr. 2017 – Mar. 2018. Shaded area: Mar. 2018. Source: STOXX Limited.

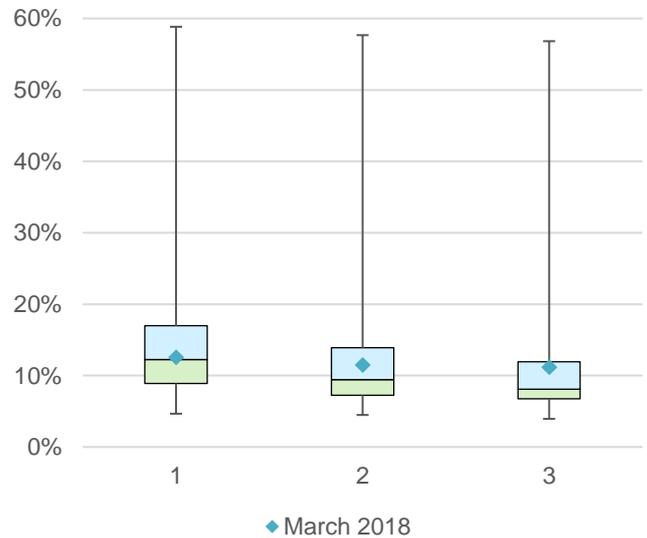


Figure 12: Monthly annualized volatility analysis, EUR Net Return. Jul. 2004 – Mar. 2018. Source: STOXX Limited.

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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.

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