

ISTOXX® EUROPE QUALITY INCOME INDEX

Stated objective

The iSTOXX Europe Quality Income Index aims to capture the performance of shares that offer attractive and sustainable dividend yields.

The index is a fundamental driven concept to obtain sustainable dividend yields through a sophisticated screening and calculation algorithm. It selects companies that may offer lower risk and higher quality by including a large number of fundamental ratios. To eliminate foreign currency fluctuations, a hedging feature based on investment into one-month foreign exchange forward contracts is added to the index.

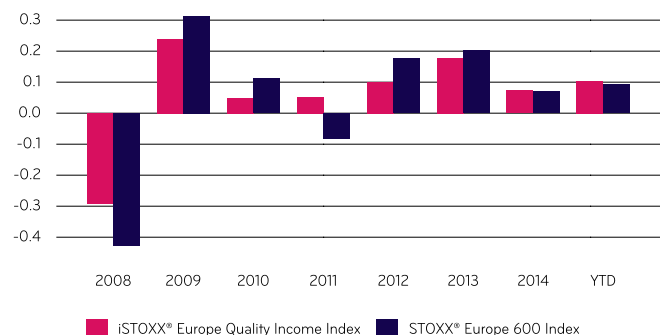
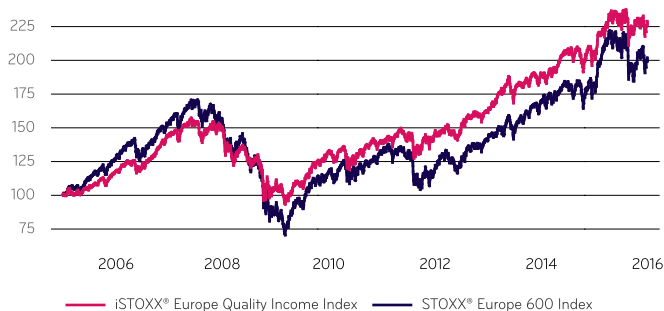
Key facts

» The quality income strategy is based on two principles. The first is that historically, dividend yield has been the dominant component of equity returns. The second is that equity investors are not rewarded for buying higher risk stocks. The index aims to identify a universe of assets that may offer lower risk and higher quality. A set of measures aims to reduce the overall volatility, beta and drawdown of the portfolio and also reduces the probability of dividend cuts. None of the quality measures incorporate any forecasts and are solely based on reported information.

Risk and return figures¹

Index returns	Return (%)					Annualized return (%)				
	Last month	YTD	1Y	3Y	5Y	Last month	YTD	1Y	3Y	5Y
iSTOXX Europe Quality Income Index	-1.9	10.6	10.6	40.7	63.6	-19.8	10.3	10.3	11.7	10.1
STOXX Europe 600 Index	-5.0	9.6	9.6	41.9	53.3	-44.4	9.3	9.3	12.1	8.7
Index volatility and risk	Annualized volatility (%)					Annualized Sharpe ratio ²				
iSTOXX Europe Quality Income Index	16.7	15.1	15.1	11.8	12.3	-0.5	1.1	1.1	0.6	-1.0
STOXX Europe 600 Index	22.0	19.7	19.7	15.4	16.8	-2.3	0.5	0.5	0.7	0.5
Index to benchmark	Correlation					Tracking error (%)				
iSTOXX Europe Quality Income Index	1.0	0.9	0.9	0.9	0.9	8.2	8.3	8.3	6.9	7.5
Index to benchmark	Beta					Annualized information ratio				
iSTOXX Europe Quality Income Index	0.2	2.3	2.3	5.2	9.1	4.3	0.0	0.0	0.1	0.1

Performance and annual returns³



¹ For information on data calculation, please refer to STOXX [calculation reference guide](#).

² Based on Euribor1m

³ STOXX data from Dec. 31, 2004 to Dec. 31, 2015

(EUR, net return), all data as of Dec. 31, 2015

HEDGED INDICES

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Methodology

The index universe is the STOXX® Europe 600 ex Financials Index.

Components are selected based on the following criteria:

- » Quality score: is a set of measures based on fundamental ratios, such as return on assets, cash flow from operations, leverage etc.
- » Balance sheet risk score: measures the credit quality of a company
- » Expected dividend yield
- » Liquidity: measured by the average daily traded volume and free-float market cap of a component

The currency hedged methodology follows the standard STOXX portfolio approach when hedging currency risk by writing currency forwards. The detailed methodology including the calculation formula can be found in our rulebook:

<http://www.stoxx.com/indices/rulebooks.html>

Quick facts

Weighting	Price weighted with a weight factor to achieve equal weighting
No. of components	Variable (between 25 and 75)
Review frequency	Quarterly in Mar., Jun., Sep. and Dec.
Calculation/distribution	Price, net return, gross return in EUR Realtime, End-of-day
Base value/base date	100 as of Dec. 31, 2004
History	Available daily back until Dec. 31, 2004
Inception date	Jul. 17, 2014

Versions and symbols

Index	ISIN	Symbol	Bloomberg	Reuters
Net Return EUR	CH0245644460	SXEQIHN		.SXEQIHN

Complete list available here: www.stoxx.com/data/vendor_codes.html

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CUSTOMIZATION

The index can be used as a basis for the definition of STOXX® Customized Indices, which can be tailored to specific client or mandate needs. STOXX offers a wide range of customization, in terms of component selection, weighting schemes and personalized calculation methodologies.

DISCLAIMER

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BACKTESTED PERFORMANCE

This document contains index performance data based on backtesting, i.e. calculations of how the index might have performed prior to launch if it had existed using the same index methodology and based on historical constituents. Backtested performance information is purely hypothetical and is provided in this document solely for information purposes. Backtested performance does not represent actual performance and should not be interpreted as an indication of actual performance.

