STRATEGY INDICES

EURO STOXX® 50 VOLATILITY-BALANCED INDEX

Index description

The EURO STOXX 50 Volatility-Balanced Index aims to provide higher risk-adjusted returns than the EURO STOXX 50 Index by coupling a base investment in the EURO STOXX 50 Index with an allocation to equity volatility (VSTOXX Short-Term Futures Index). Allocating a fixed percentage of the total portfolio into volatility investments provides tail risk protection but may cause a drag on performance in stable and/or bullish markets. Hence, the EURO STOXX 50 Volatility-Balanced Index dynamically changes allocation to volatility in an equity portfolio. The optimal allocation between equity (EURO STOXX 50 Index) and volatility (VSTOXX Short-Term Futures Index) is determined based on the prevailing volatility environment.

Key facts

» Equity volatility historically tends to provide protection from worst-case equity scenarios

» Investing a fixed asset allocation of a portfolio into equity volatility may enhance portfolio performance returns. A portfolio consisting of 15% asset allocation to a long volatility position via the investable VSTOXX Short-Term Futures Index has performed well during high volatility periods when volatility spikes. The same allocation has historically underperformed against a long equity-only portfolio in low volatility environments due to carry costs associated with rolling VSTOXX futures over the upward-sloping VSTOXX futures term structure

» Daily rebalancing and stop-loss mechanism

» Dynamic allocation between equities and implied volatility based on prevailing volatility environment

Risk and return figures[1]

Index returns			Return (%)					Annualized return (%)		
	Last month	YTD	1Y	3Y	5Y	Last month	YTD	1Y	3Y	5Y
EURO STOXX 50 Volatility-Balanced Index	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EURO STOXX 50 Index	1.0	14.9	14.6	48.9	23.3	N/A	N/A	14.8	14.3	4.3
Index volatility and risk			**Annualized volatility (%)**					**Annualized Sharpe ratio[2]**		
EURO STOXX 50 Volatility-Balanced Index	0.0	0.0	0.0	0.0	0.0	N/A	N/A	0.0	0.0	0.0
EURO STOXX 50 Index	7.2	16.7	19.4	20.5	21.1	N/A	N/A	0.7	0.6	0.2
Index to benchmark			**Correlation**					**Tracking error (%)**		
EURO STOXX 50 Volatility-Balanced Index	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Index to benchmark			**Beta**					**Annualized information ratio**		
EURO STOXX 50 Volatility-Balanced Index	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Performance and annual returns[3]
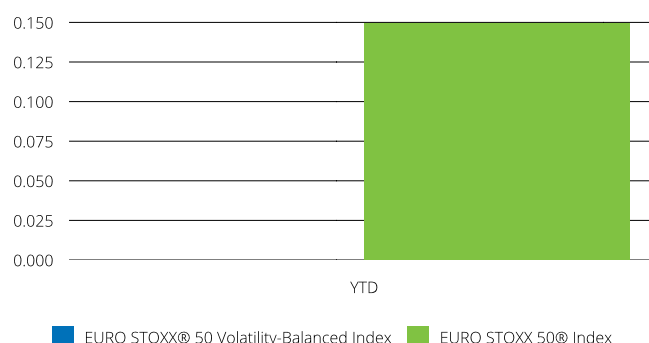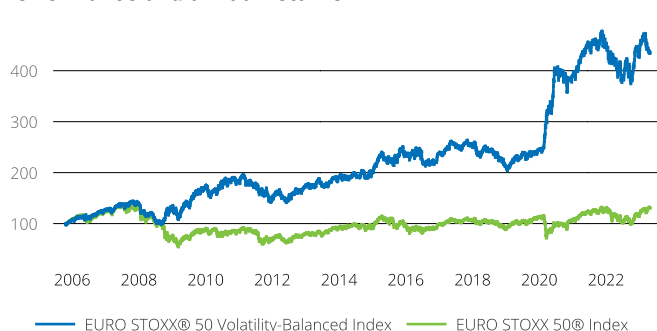
[1] For information on data calculation, please refer to STOXX calculation reference guide.
[2] Based on EURIBOR1M
[3] STOXX data from Oct. 18, 2005 to Apr. 28, 2023

(EUR, excess return - nr), all data as of Apr. 28, 2023

STOXX Ltd. is part of Qontigo

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Methodology

To capture the anticipated changes in the volatility environment, the one-month realized volatility and the value of one-month implied volatility (VSTOXX) one-month back are observed. Depending on the relationship between realized and expected volatility, the exposure may be adjusted. To learn more about the adjustment level and the calculation formula, please see our rulebook: www.stoxx.com/indices/rulebooks.html

Quick facts

Weighting	97.5%/90%/70%
Cap factor	2.5%/10%/30%
No. of components	Excess, gross return (EUR): end-of-day
Review frequency	End-of-day: 7:15 pm CET
Calculation/distribution	100 as of Oct. 18, 2005
Calculation hours	Available daily back to Oct. 18, 2005
Base value/base date	Jun. 1, 2011

Versions and symbols

Index		ISIN	Symbol	Bloomberg	Reuters
Excess Return	EUR	CH0115971233	VMT5ME	VMT5ME INDEX	.VMT5ME
Excess Return	EUR	CH0115971233	VMT5ME	VMT5ME INDEX	.VMT5ME
Excess Return	EUR	CH0110459747	VST1ME	VST1ME INDEX	.VST1ME
Excess Return	EUR	CH0110459747	VST1ME	VST1ME INDEX	.VST1ME
Excess Return	EUR	CH0128045587	SX5EVBE	SX5EVBE INDEX	.SX5EVBE
Excess Return	EUR	CH0128045587	SX5EVBE	SX5EVBE INDEX	.SX5EVBE
Total Return	EUR	CH0115971191	VMT5MT	VMT5MT INDEX	.VMT5MT
Total Return	EUR	CH0115971191	VMT5MT	VMT5MT INDEX	.VMT5MT
Total Return	EUR	CH0109515863	VST1MT	VST1MT INDEX	.VST1MT
Total Return	EUR	CH0109515863	VST1MT	VST1MT INDEX	.VST1MT

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

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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.

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.

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