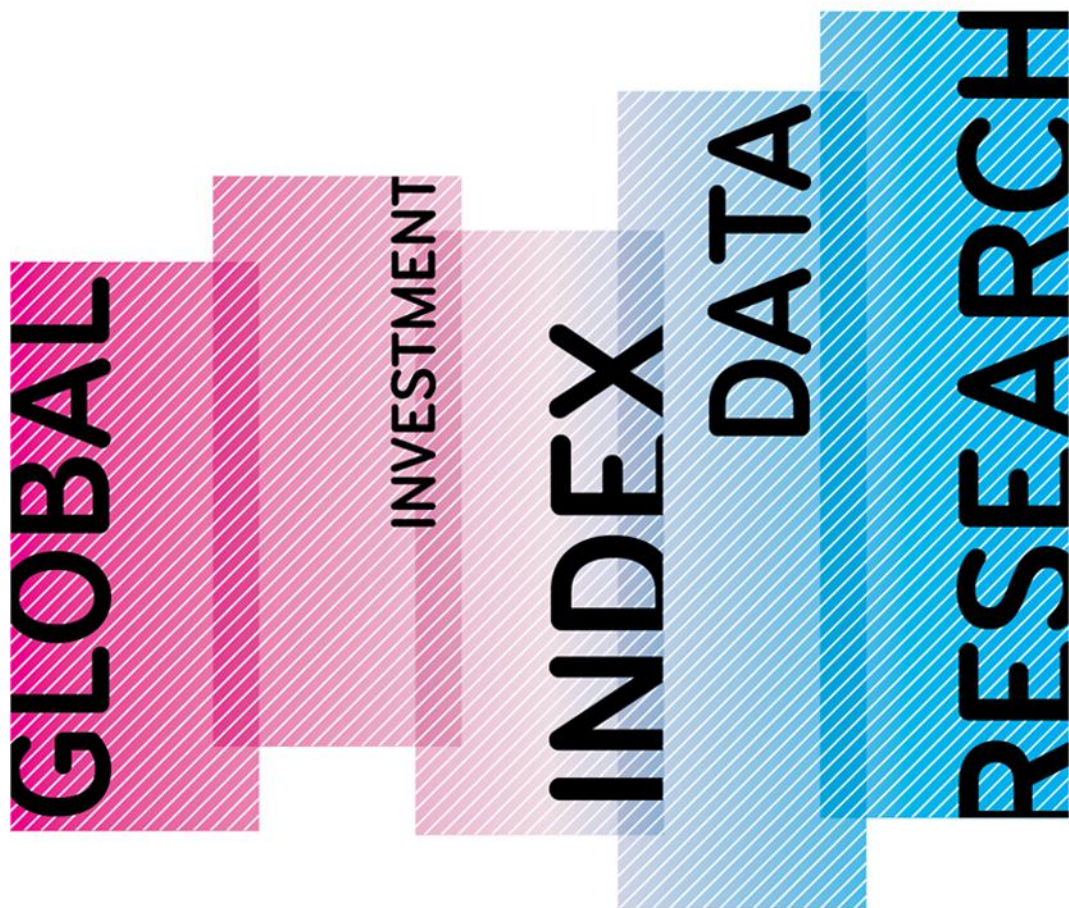


February 2016

THE STOXX MINIMUM VARIANCE INDICES: 2015 YEAR IN REVIEW

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THE STOXX MINIMUM VARIANCE INDICES: 2015 YEAR IN REVIEW

2015 was a strong year for low volatility index strategies. The ETF market nearly doubled assets and billions of dollars went into institutional funds. The overall allocation is still small, however, which offers investors opportunities.

Against this backdrop, STOXX's Minimum Variance strategy worked in all major markets. The US and International markets are worth highlighting. The STOXX® USA Unconstrained Minimum Variance Index returned 6.17% outperforming the Russell 1000 Index by 5.25% and the STOXX® Global ex USA Unconstrained Minimum Variance Index returned 5.46% outperforming the MSCI EAFE Index by 5.86%. The outperformance in 2015 is attributable to thoughtful index design. Constructing the minimum variance portfolio requires a multi-factor risk model used to eliminate estimation errors in the risk forecast STOXX applies on each rebalance date. Furthermore, we use an optimizer to find the portfolio that minimizes index risk and limits portfolio exposures that "leak" value over time. We use the STOXX USA Unconstrained Minimum Variance Index as a case in point. Exhibit 1 shows that the primary performance driver was the substantial exposure away from the volatility risk factor. This negative exposure contributed 8.56% to the USA Minimum Variance Index return.

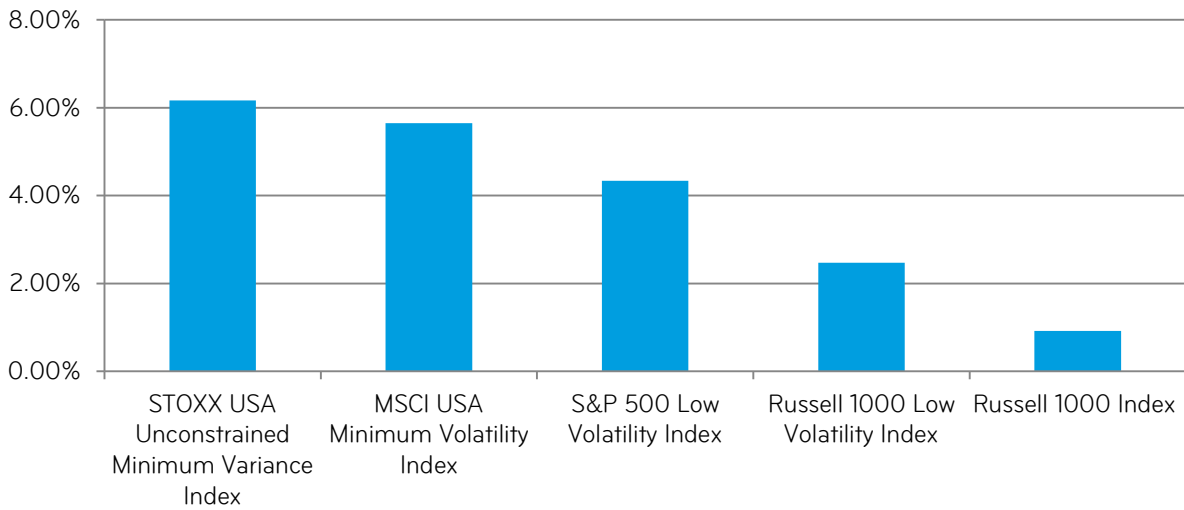
Exhibit 1, style factor return contribution report for the STOXX USA Unconstrained Minimum Variance Index for the time period between Jan. 1-Dec.31, 2015. Source, Axioma, Inc.

Style Factors	Performance contribution	Average weighted exposure
Volatility	8.56	-0.65
Value	0.10	-0.19
Size	0.03	0.00
Exchange rate sensitivity	0.02	-0.02
Medium-term momentum	-0.02	0.00
Growth	-0.05	-0.03
Leverage	-0.42	0.28
Liquidity	-0.66	0.57
Short-term momentum	-0.94	0.01

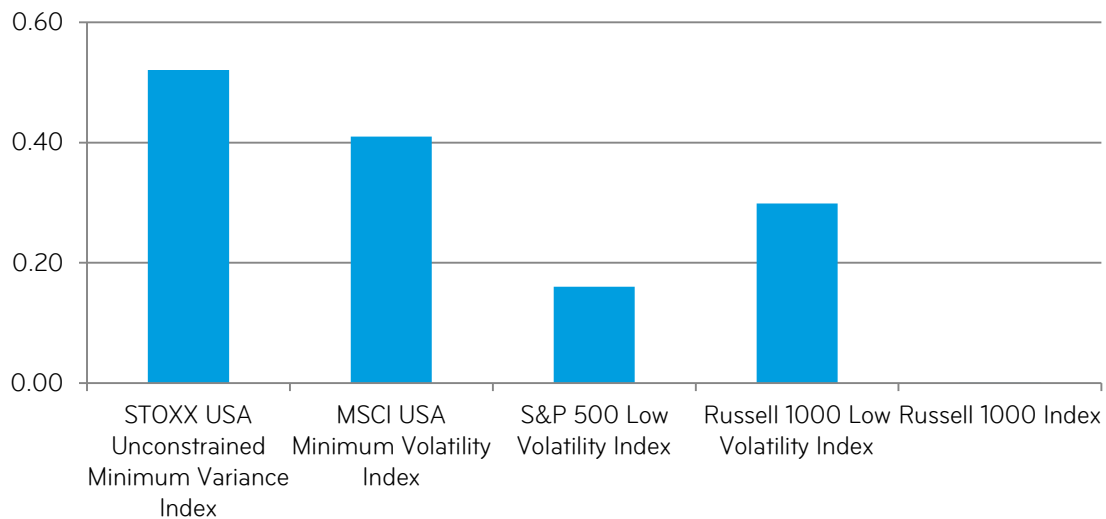
We also note that the STOXX Minimum Variance Indices outperformed other low-volatility indices on an absolute and risk-adjusted basis as illustrated in Graph 2 and 3. We attribute this to the unconstrained index design that minimized risk and controls for factor exposures.

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Graph 2, performance for selected indices for the time period between Jan. 1-Dec.31, 2015.



Graph 3, Sharpe ratio for selected indices for the time period between Jan. 1-Dec.31, 2015.

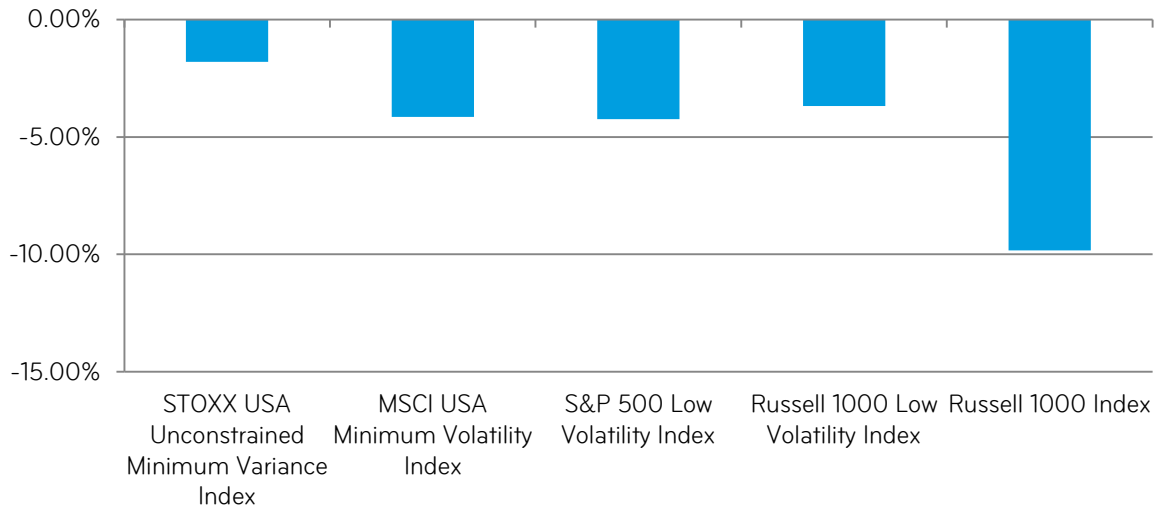


Looking ahead into 2016

2016 continues to be a challenging year for equity investors. While one should not focus solely on short-term performance, it is notable that the STOXX USA Minimum Variance Index has outperformed substantially year to date as of February 9th 2016 compared to traditional benchmarks as well as other low-volatility strategies.

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Graph 4, YTD performance as of Feb. 2, 2016 for the STOXX USA Unconstrained Minimum Variance Index compared to other related indices



While the past four months of volatile equity market performance has crystalized the effectiveness of a low-volatility smart beta strategy, we have witnessed consistent outperformance and strong risk reduction across all regions and countries over a long period of time. We, in addition, believe our implementation provides the most efficient way to capture this valuable exposure.

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About STOXX

STOXX Ltd. is a global index provider, currently calculating a global, comprehensive index family of over 7,000 strictly rules-based and transparent indices. Best known for the leading European equity indices EURO STOXX 50, STOXX Europe 50 and STOXX Europe 600, STOXX Ltd. maintains and calculates the STOXX Global index family which consists of total market, broad and blue-chip indices for the regions Americas, Europe, Asia/Pacific and sub-regions Latin America and BRIC (Brazil, Russia, India and China) as well as global markets. To provide market participants with optimal transparency, STOXX indices are classified into three categories. Regular "STOXX" indices include all standard, theme and strategy indices that are part of STOXX's integrated index family and follow a strict rules-based methodology. The "iSTOXX" brand typically comprises less standardized index concepts that are not integrated in the STOXX Global index family, but are nevertheless strictly rules-based. While indices that are branded "STOXX" and "iSTOXX" are developed by STOXX for a broad range of market participants, the "STOXX Customized" brand covers indices that are specifically developed for clients and do not carry the STOXX brand in the index name. STOXX indices are licensed to more than 500 companies around the world as underlyings for Exchange Traded Funds (ETFs), futures and options, structured products and passively managed investment funds. Three of the top ETFs in Europe and approximately 25% of all assets under management are based on STOXX indices. STOXX Ltd. holds Europe's number one and the world's number two position in the derivatives segment.

STOXX is part of Deutsche Börse Group, and markets the DAX indices. www.stoxx.com

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