

STOXX BROAD, SIZE AND BLUE-CHIP INDICES EMERGING AND DEVELOPED MARKETS, EAST ASIA, AFRICA

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STOXX

Marketed brands:

DAX

SMI INDICES®

Agenda

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1. DEFINITIONS

Highly attractive regions covered within new families

Overview

Emerging Markets (20 countries)

- » Brazil
- » Chile
- » China
- » Colombia
- » Egypt
- » Hungary
- » India
- » Indonesia
- » Malaysia
- » Mexico
- » Morocco
- » Pakistan
- » Philippines
- » Poland
- » Russia
- » South Africa
- » South Korea
- » Thailand
- » Taiwan
- » Turkey

Developed Markets (26 countries)

- » Australia
- » Austria
- » Belgium
- » Canada
- » Czech Republic
- » Denmark
- » Finland
- » France
- » Germany
- » Greece
- » Hong Kong
- » Ireland
- » Israel
- » Italy
- » Japan
- » Luxembourg
- » Netherlands
- » New Zealand
- » Norway
- » Portugal
- » Singapore
- » Spain
- » Sweden
- » Switzerland
- » UK
- » USA

East Asia (11)

- » China
- » Hong Kong
- » Indonesia
- » Japan
- » Malaysia
- » Philippines
- » Singapore
- » South Korea
- » Taiwan
- » Thailand
- » Vietnam

Africa (5)*

- » Egypt
- » Morocco
- » Nigeria
- » South Africa
- » Tunisia

Index concepts aimed at various user groups

Overview

	Emerging Markets	Developed Markets	East Asia	Africa
TMI	☑	☑	☑	☑
Broad	☑	☑	☑	☑
Blue-chip	☑	☑	☑	
Size	☑*	☑		
Industry			☑**	
Supersector			☑**	

» Strategy, ESG and further innovative index concepts can be implemented upon request

Potential gains overshadow risks involved in investing in Emerging Markets

Emerging Markets risk/return incentives

Benefits

- » Higher growth rates
- » Currencies expected to appreciate: stronger fiscal position and growing international reserves as compared to the developed markets
- » Macroeconomic policies, liquidity and market access conditions are consistently improving
- » Valuations are still attractive for many of the countries
- » Young and growing population offers a possibility for a “demographic hedge”
- » The weight of Emerging Markets in the world economy is growing, but still only 6-7% of institutional investors’ assets invested in Emerging Markets: far away from target allocation of between 13 to 30%¹⁾

Risks

- » Unlike Developed Markets, Emerging Markets are not standardized, important discrepancies exist at organizational and activity volume levels
- » They are less liquid and have higher transaction costs compared to developed countries
- » Higher market volatility due to the lower number of shares traded

STOXX also offers indices for Developed Markets, East Asia and Africa

Characteristics of further new regions

Developed Markets

- » Several investment mandates still only allow investments in Developed Markets
- » Series of sub-indices on attractive sub-groups, such as CASSH – Canada, Australia, Singapore, Switzerland and Hong Kong, coined by iShares, can be derived

East Asia

- » Economic experts view East Asia as being well-poised for long-term growth
- » Comparatively modest dependence on capital of developed countries
- » East Asia culturally and economically represents a more uniform region than Asia and hence allows more targeted investment strategies

Africa

- » 6 out of 10 of the world's fastest-growing economies¹⁾ were African
- » Significant share of world's commodities and consumption growth comparable to Latin America and East Asia
- » Financial market less efficient, hence opportunity to earn a higher return than justified by risk

The indices offer a broad yet investable representation of the covered markets

Broad and size indices

Definition

- » The largest companies from the Total Market Index are selected in the broad index
- » The number of components is fixed
- » Only one share line is eligible for inclusion in the broad index, e.g. either ordinary or preferred, whichever has a higher market cap and liquidity, in line with the standard STOXX rule for benchmark indices
- » Size Indices are derived from the broad indices. They comprise large, mid and small size indices, of equal number of components each
- » TMI Size indices are derived from the TMI and have a variable number of components

Advantages to invest

- » Broad coverage with a limited number of companies
- » Higher liquidity
- » Lower exposure to very small and illiquid companies
- » Possibility to invest solely in companies of the same size within the market

Largest stocks give a fair representation of the region and enjoy further advantages

Blue-chip indices

Definition

- » Largest and most liquid companies from a certain region form a blue-chip index

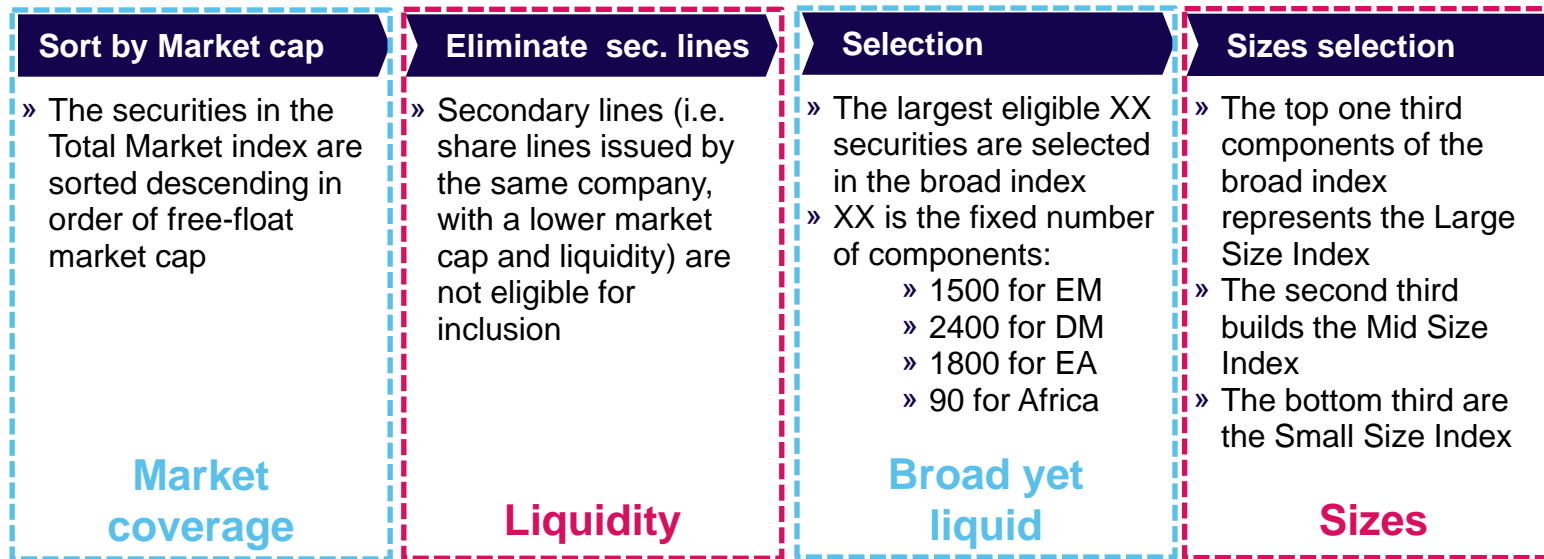
Advantages to invest in large companies

- » Established market position
- » Stable and reliable growth
- » Effective management
- » Financially sound
- » Strong public confidence
- » Attractive dividends
- » Usually more liquid than smaller stocks

2. DESIGN

The selection of broad and size indices is simply put into practice

Broad and size indices selection process

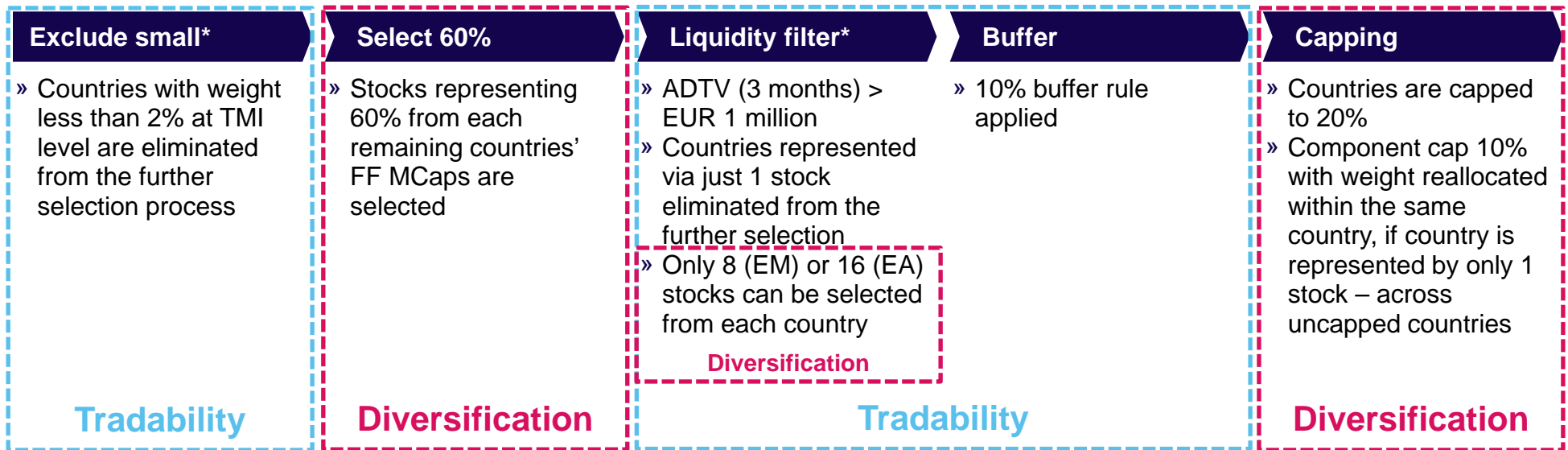


EM 1500¹⁾, DM 2400, East Asia 1800, Africa 90

EM Large 500, EM Mid 500, EM Small 500²⁾

Diversified and tradable index thanks to the 5-steps selection process

Blue-chip indices selection process



EM 50¹⁾, East Asia 80

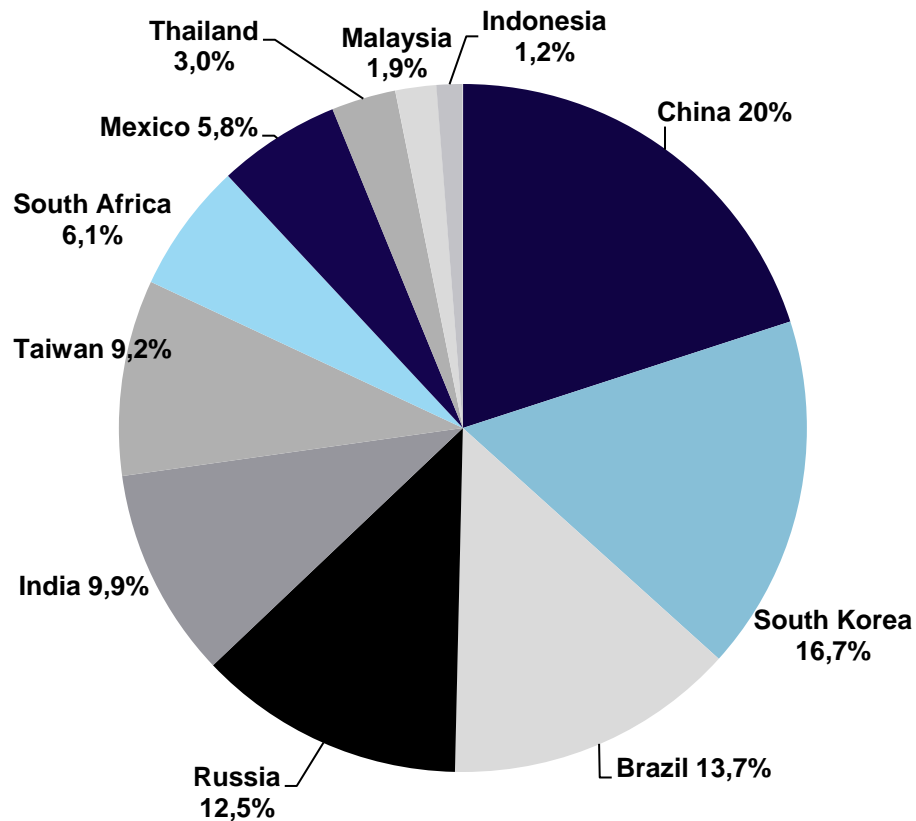
DM 150*

3. COMPOSITION

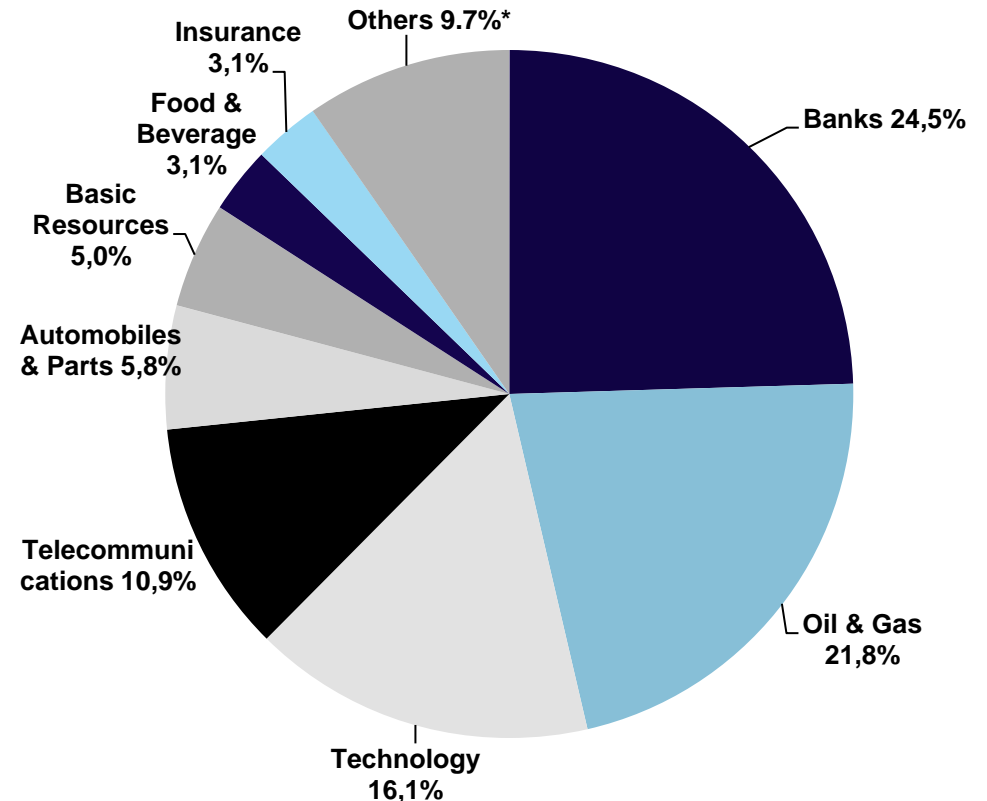
BRICS plus South Korea and Taiwan make up 82% of the index; Banks is the biggest supersector

STOXX® Emerging Markets 50 index

Countries



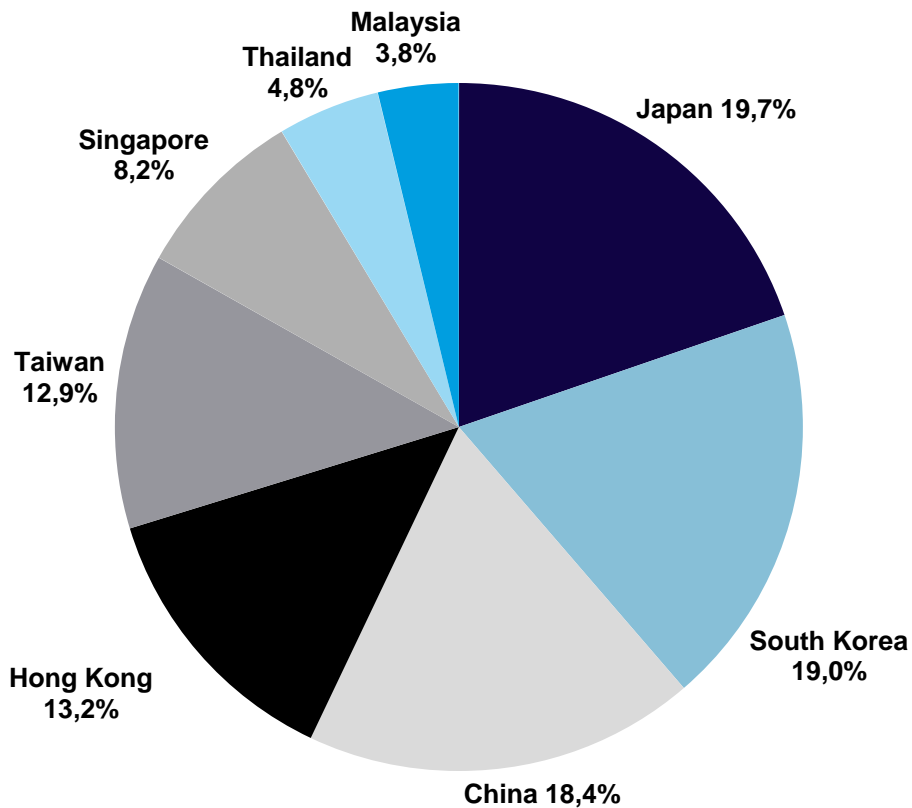
Supersectors



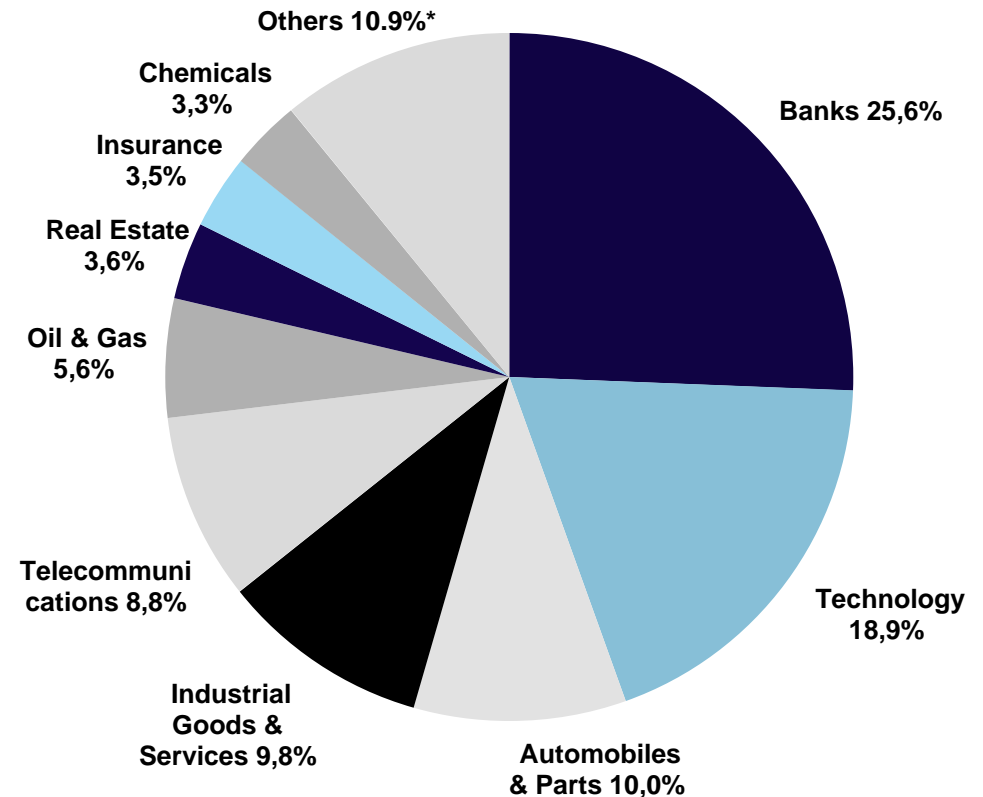
Well-balanced across developed and emerging East Asian countries: 40 versus 60%

STOXX® East Asia 80 index

Countries



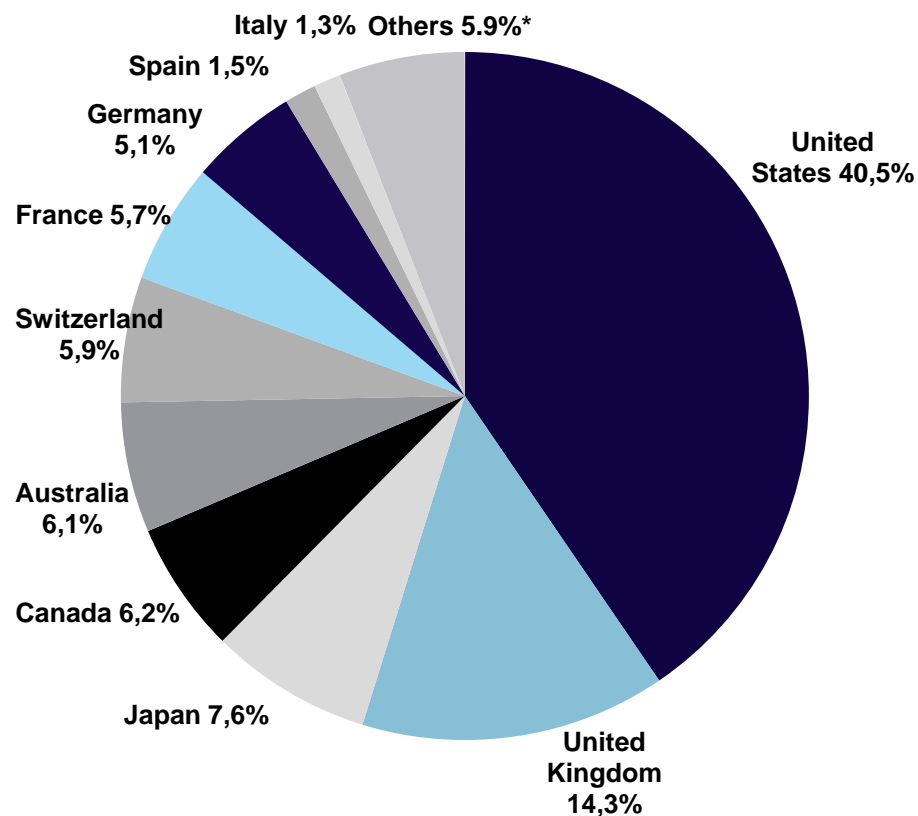
Supersectors



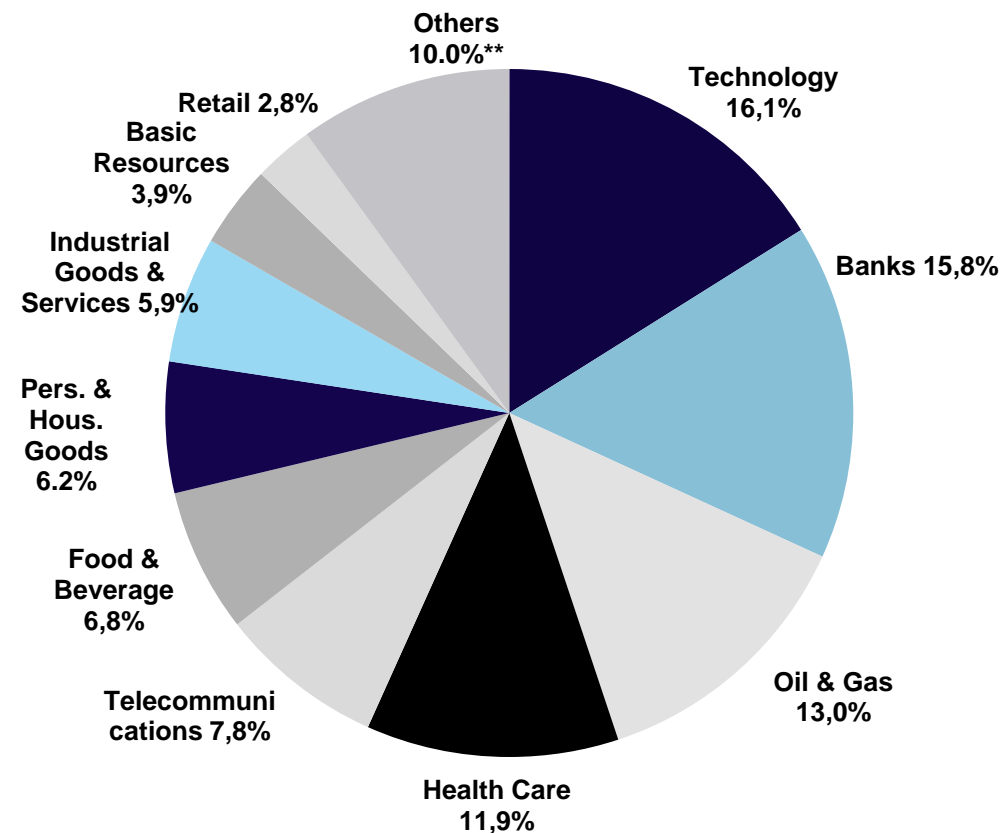
USA, UK and Japan responsible for 62% of the index; Technology and Banks are the biggest supersectors

STOXX® Developed Markets 150 index

Countries



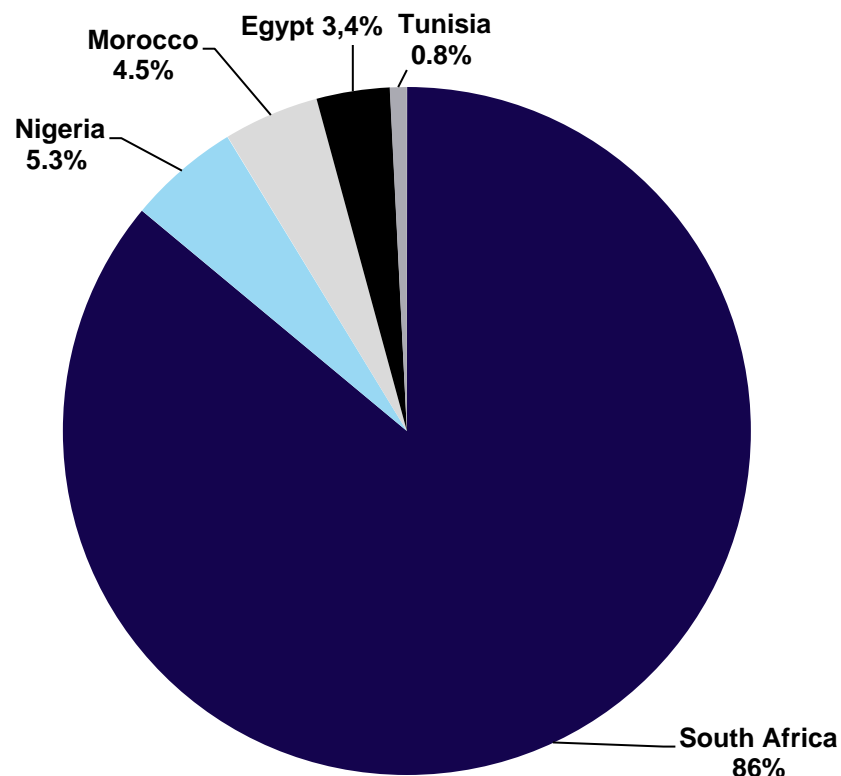
Supersectors



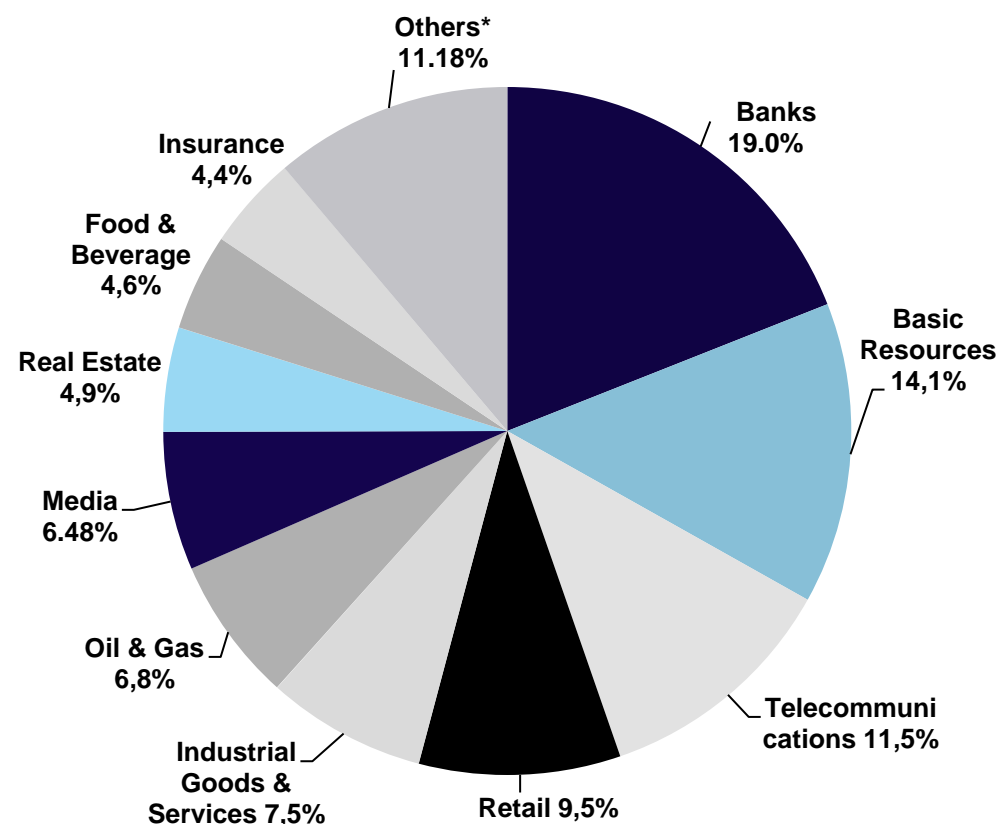
South Africa makes up 86% of the index; Banks is the largest supersector

STOXX® Africa 90 index

Countries



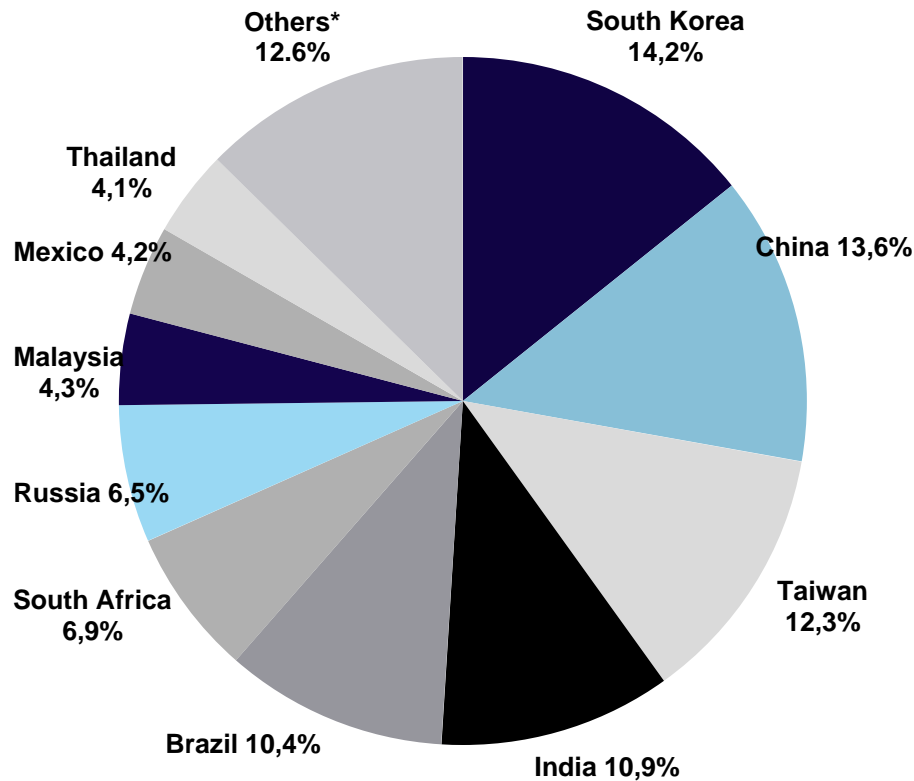
Supersectors



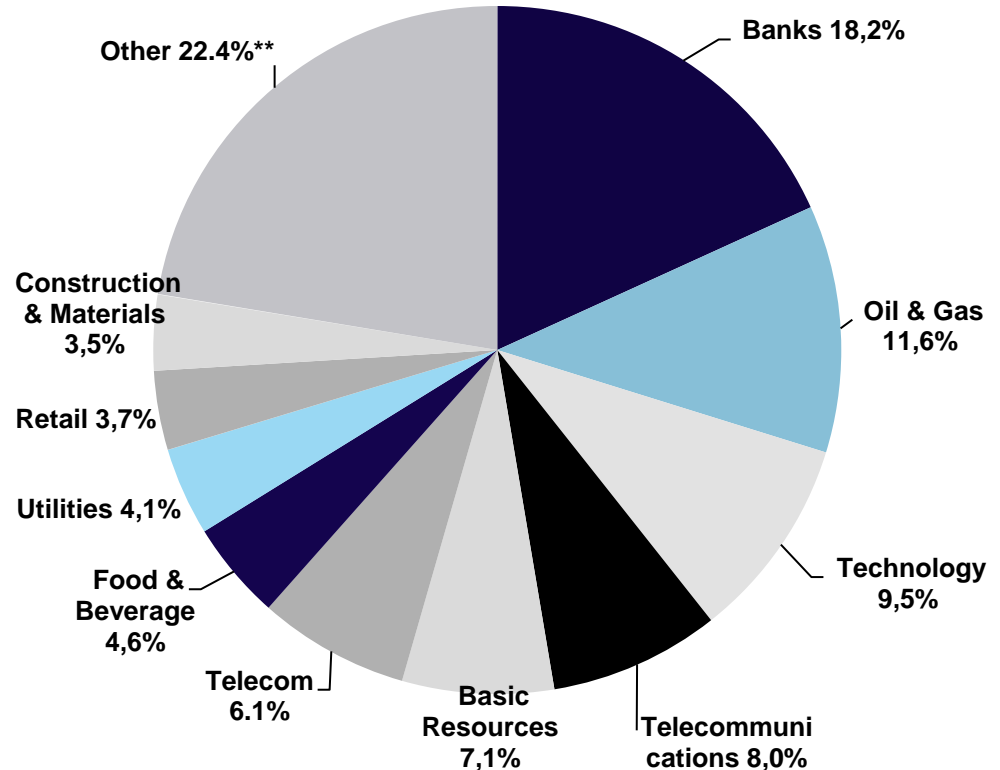
BRIC countries make up 41% of the STOXX EM 1500, while top 10 countries - 87%; Banks is the largest supersector

STOXX® Emerging Markets 1500 index

Countries



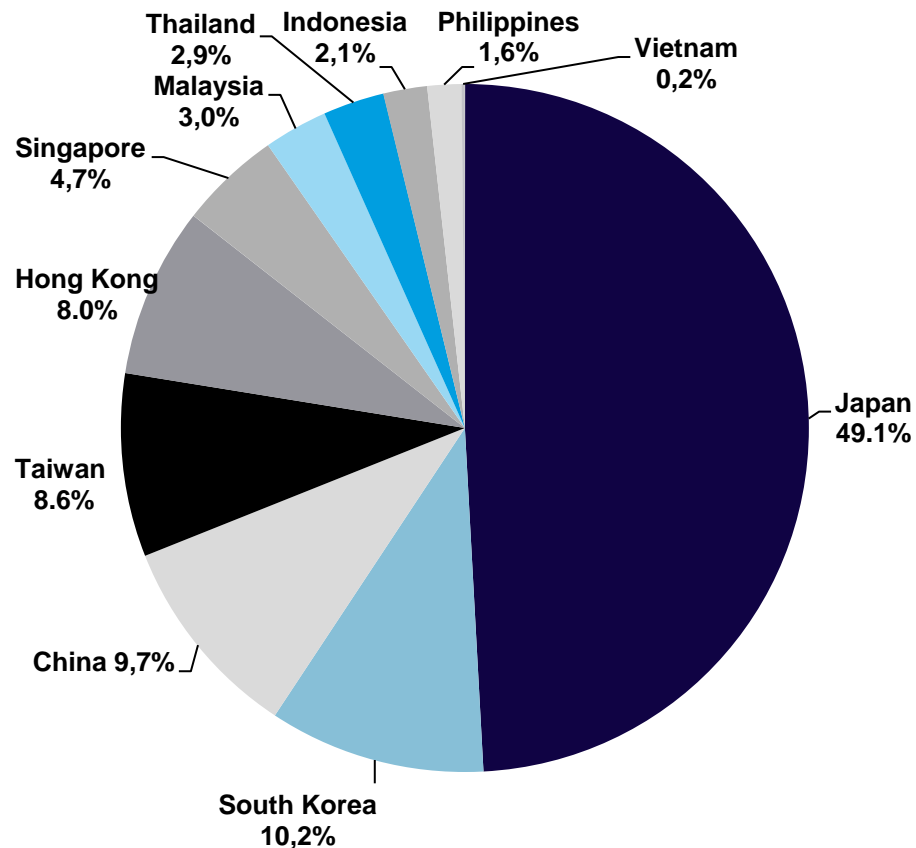
Supersectors



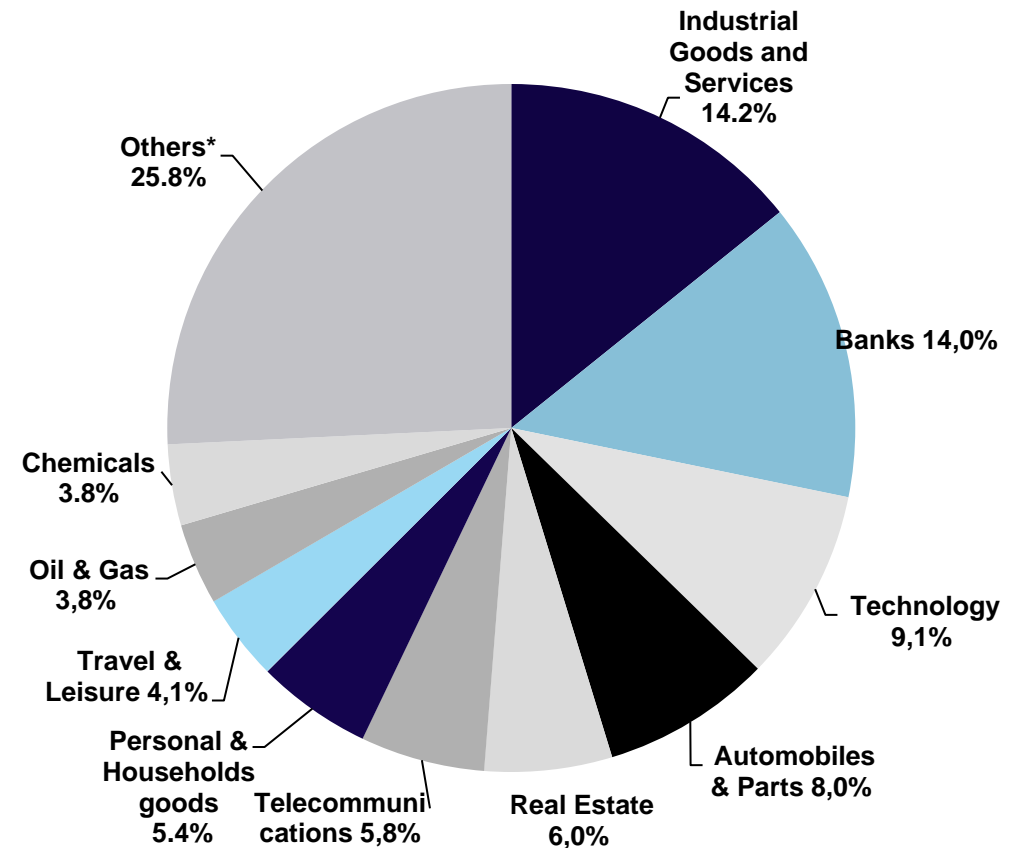
Japanese companies make 49% of the index; Industrial Goods & Services and Banks responsible for almost 1/3 of the index

STOXX® East Asia 1800 index

Countries



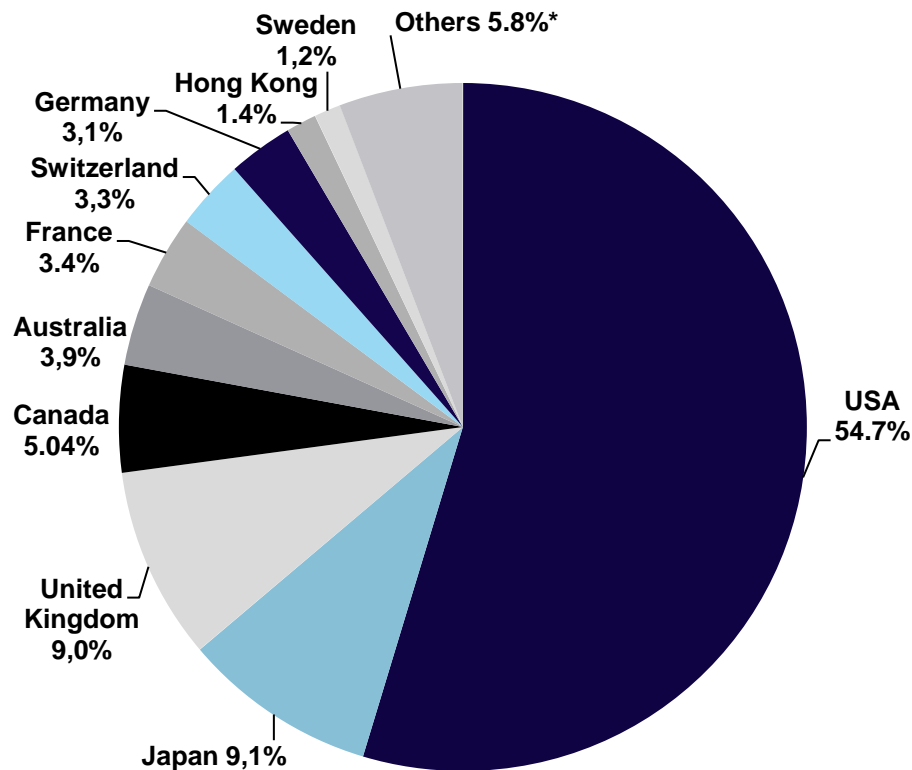
Supersectors



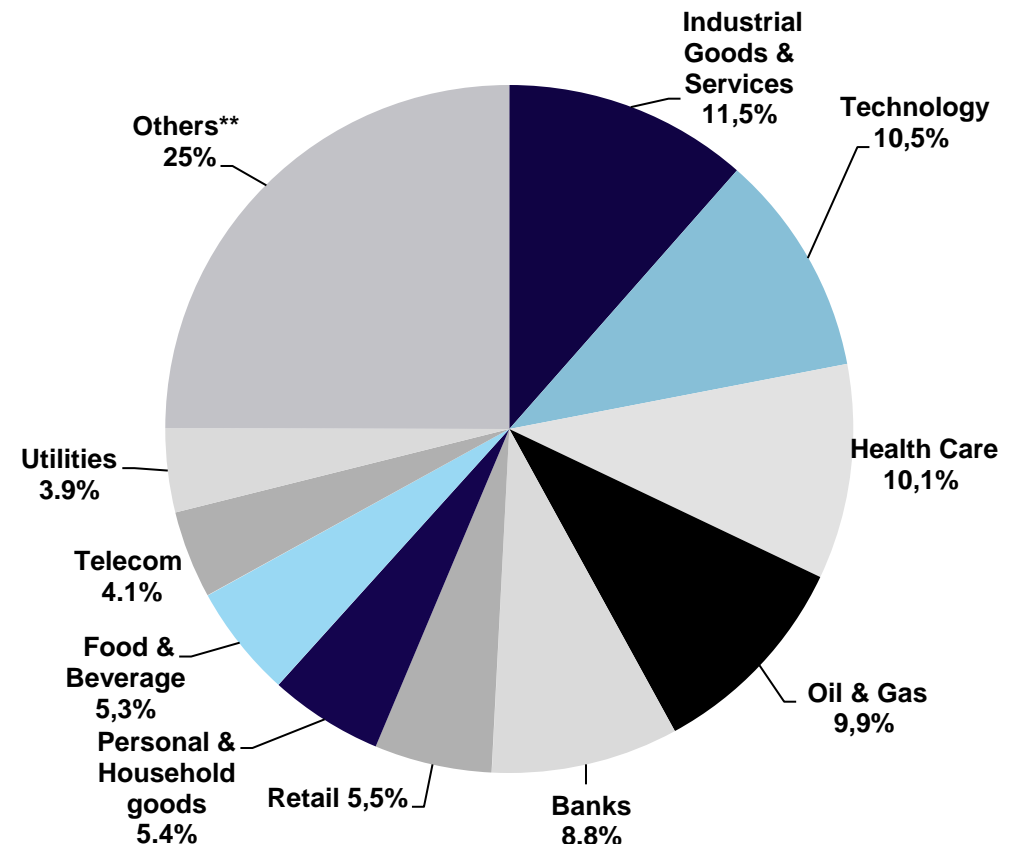
Top 3 countries, USA, Japan and UK have ca. 73% of the index; Industrial Goods & Services is the biggest supersectors

STOXX® Developed Markets 2400 index

Countries



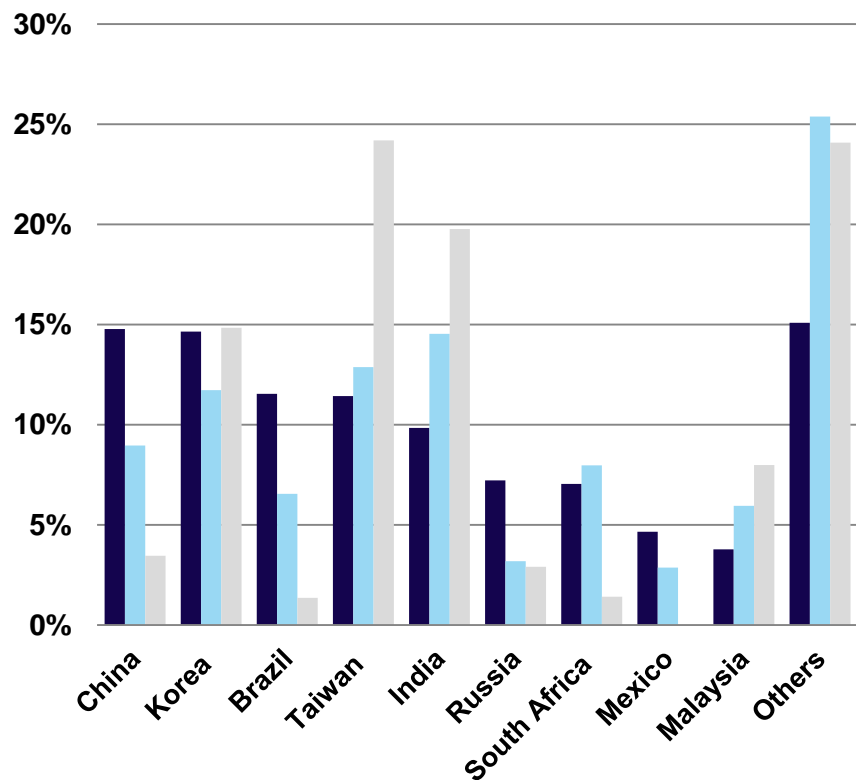
Supersectors



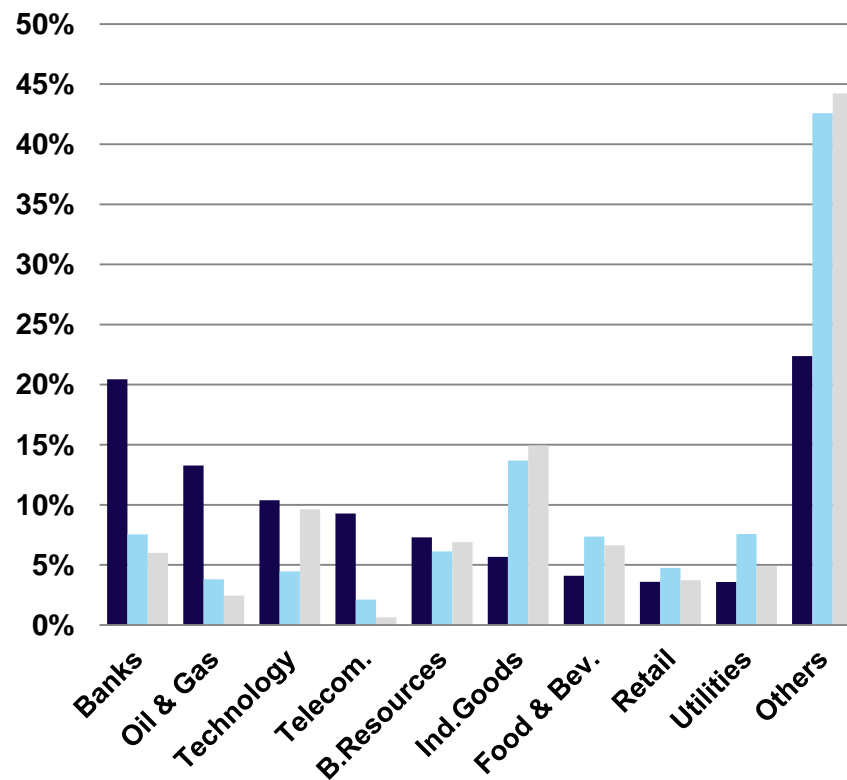
Weight of China, Russia and Brazil increases, while weight of Taiwan, India and Malaysia decreases with size

STOXX Emerging Markets 500 index

Countries



Supersectors

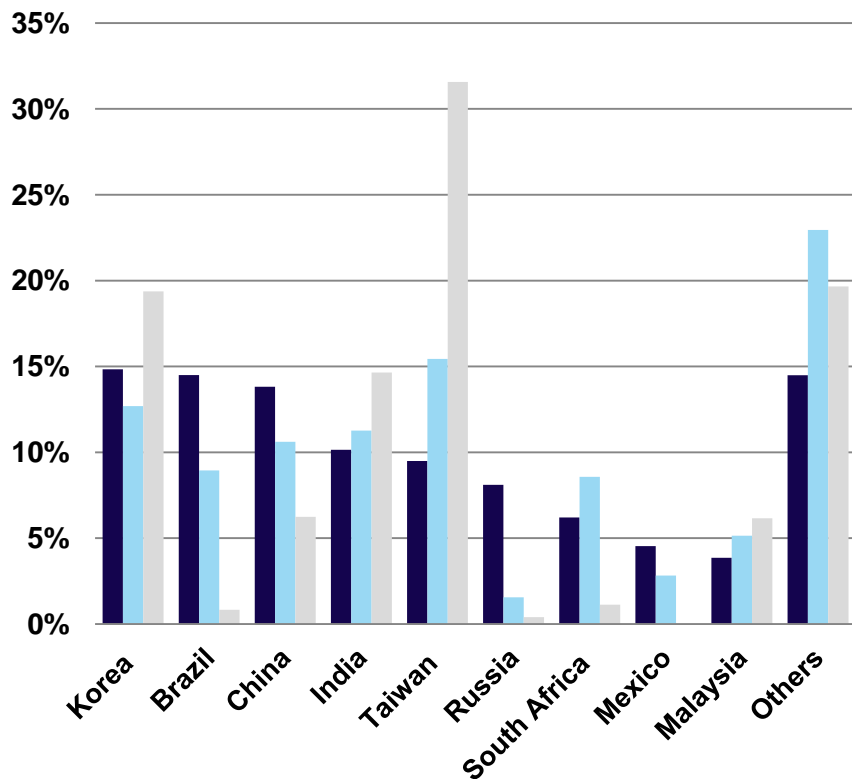


STOXX EM 500 Large
 STOXX EM 500 Mid
 STOXX EM 500 Small

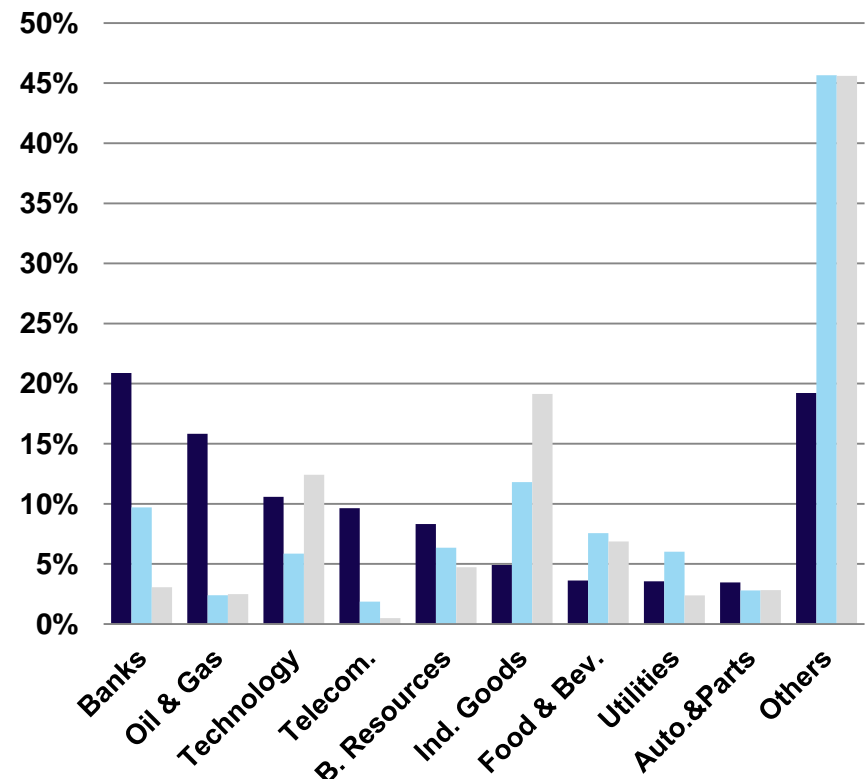
Banks dominate in Large, Industrial Goods in Small and Mid Indices – same as for the fixed components size indices

STOXX Emerging Markets TMI size indices

Countries



Supersectors

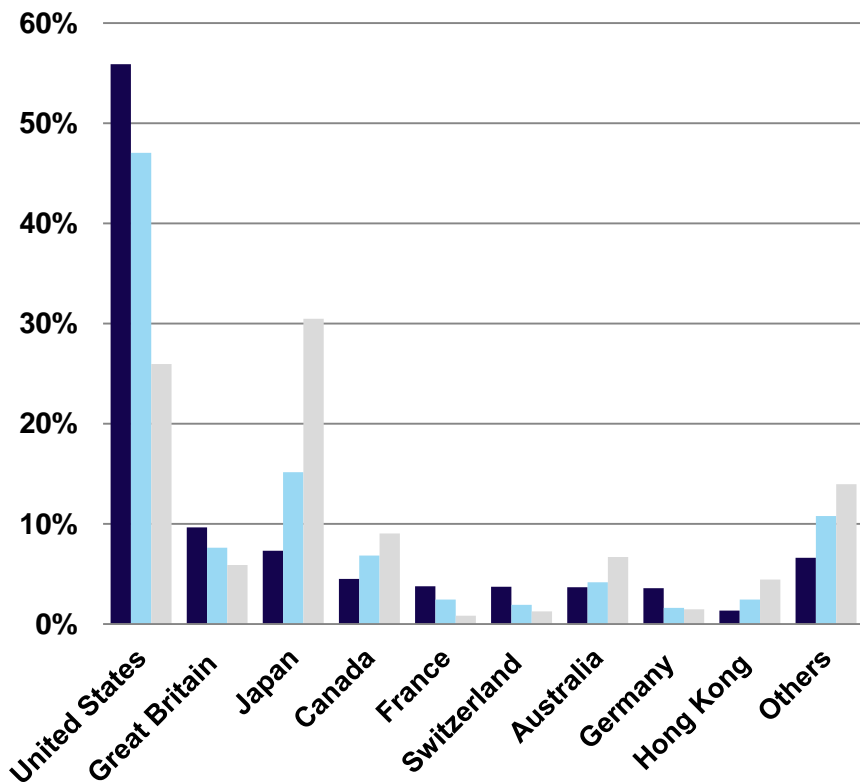


STOXX EM TMI Large
 STOXX EM TMI Mid
 STOXX EM TMI Small

United States and Japan dominate country allocation of Developed Markets; Industrial Goods dominate Mid and Small

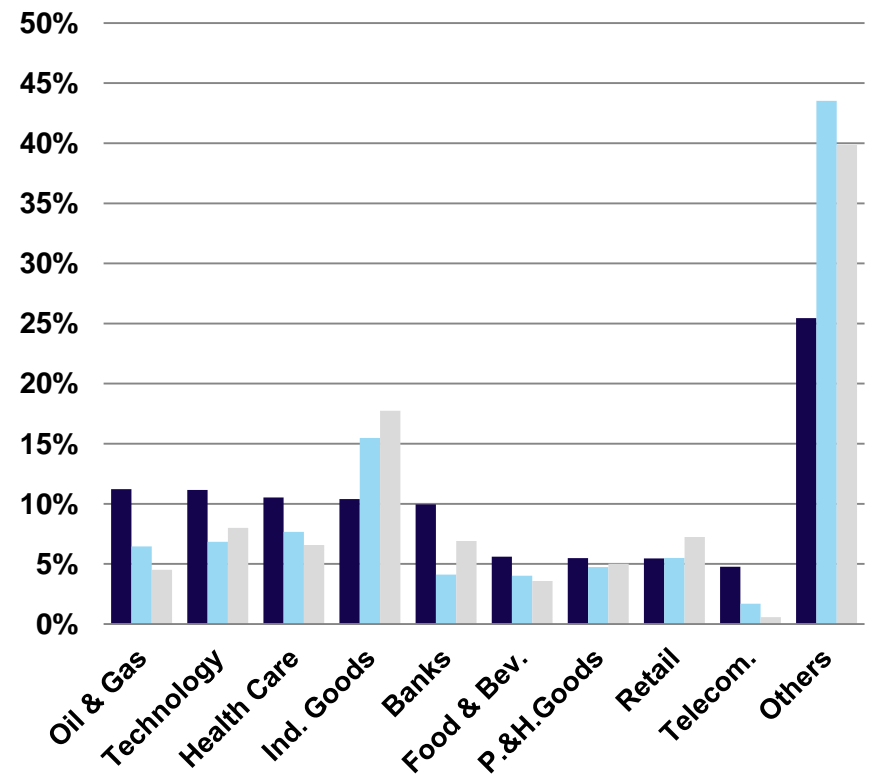
STOXX Developed Markets TMI size indices

Countries



STOXX DM TMI Large STOXX DM TMI Mid STOXX DM TMI Small

Supersectors

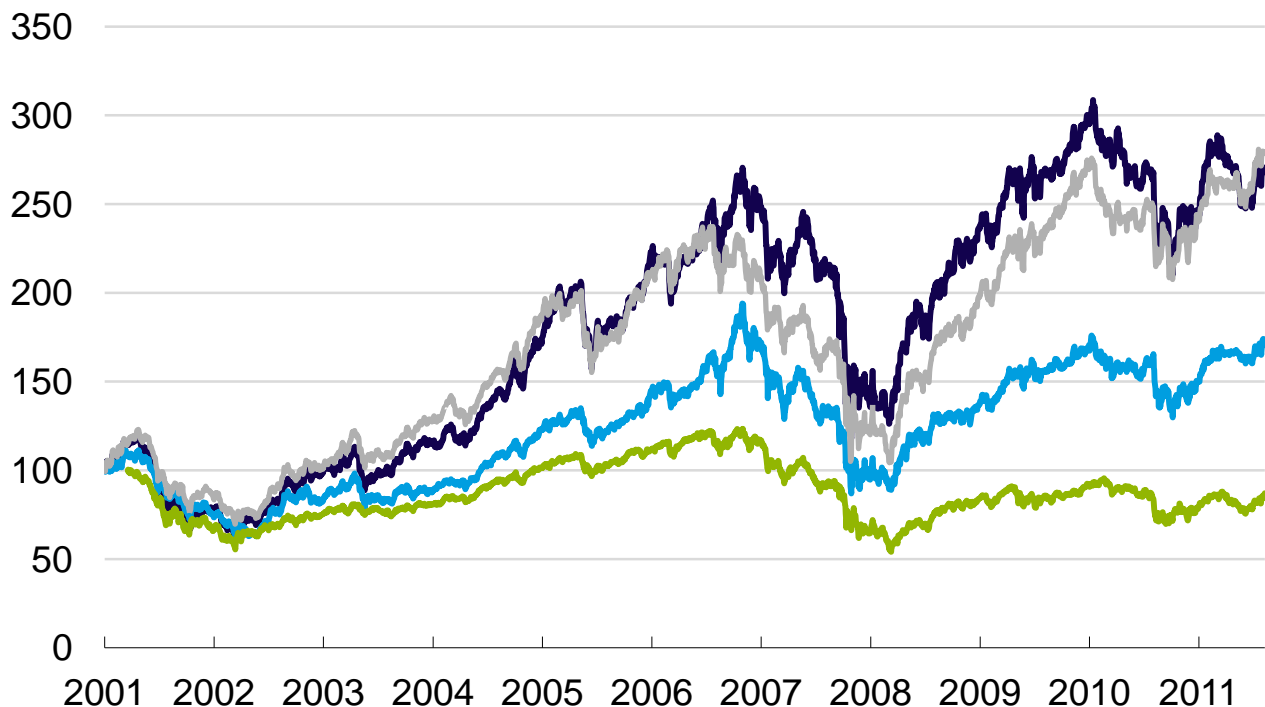


4. PERFORMANCE

STOXX Emerging Markets 50 index performed better than STOXX East Asia 80 and Developed Markets 150 indices

STOXX Emerging Markets 50, Developed Markets 150 and East Asia 80 indices

Index performance



■ STOXX EM50
 ■ STOXX EA80
 ■ STOXX EM50 ex BRIC
 ■ STOXX DM 150

Overview

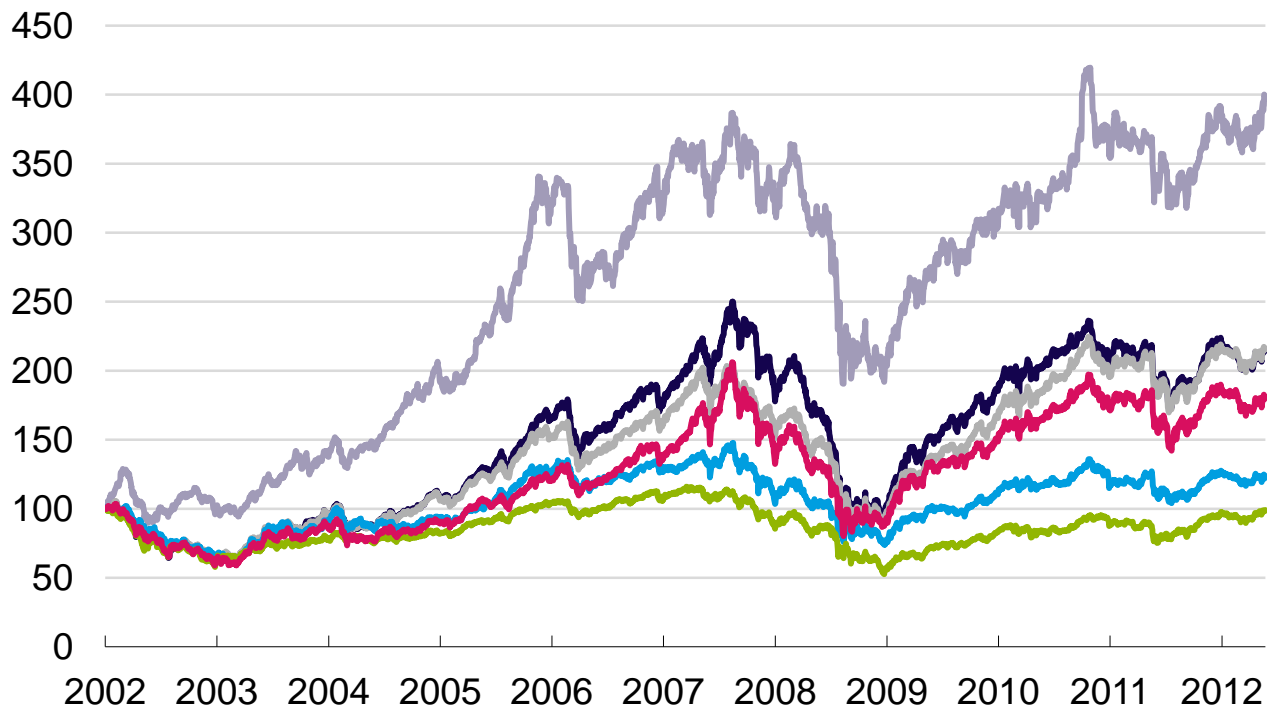
- » Emerging Markets ex BRIC show highest return and 3rd largest volatility
- » Developed Markets 150 has lowest performance but also lowest volatility

Key figures	Performance	Volatility
EM 50	9.83%	22.60%
EM 50 ex BRIC	10.09%	20.59%
EA 80	5.28%	21.56%
DM 150	-0.27%	19.06%

STOXX Africa 90 index outperformed other broad indices having the second largest volatility

STOXX broad indices and Africa 90 index

Index performance



■ STOXX Africa 90
 ■ STOXX EM1500
 ■ STOXX EM50 ex BRIC
 ■ STOXX 1800 ex Japan
 ■ STOXX EA 1800
 ■ STOXX DM 2400

Overview

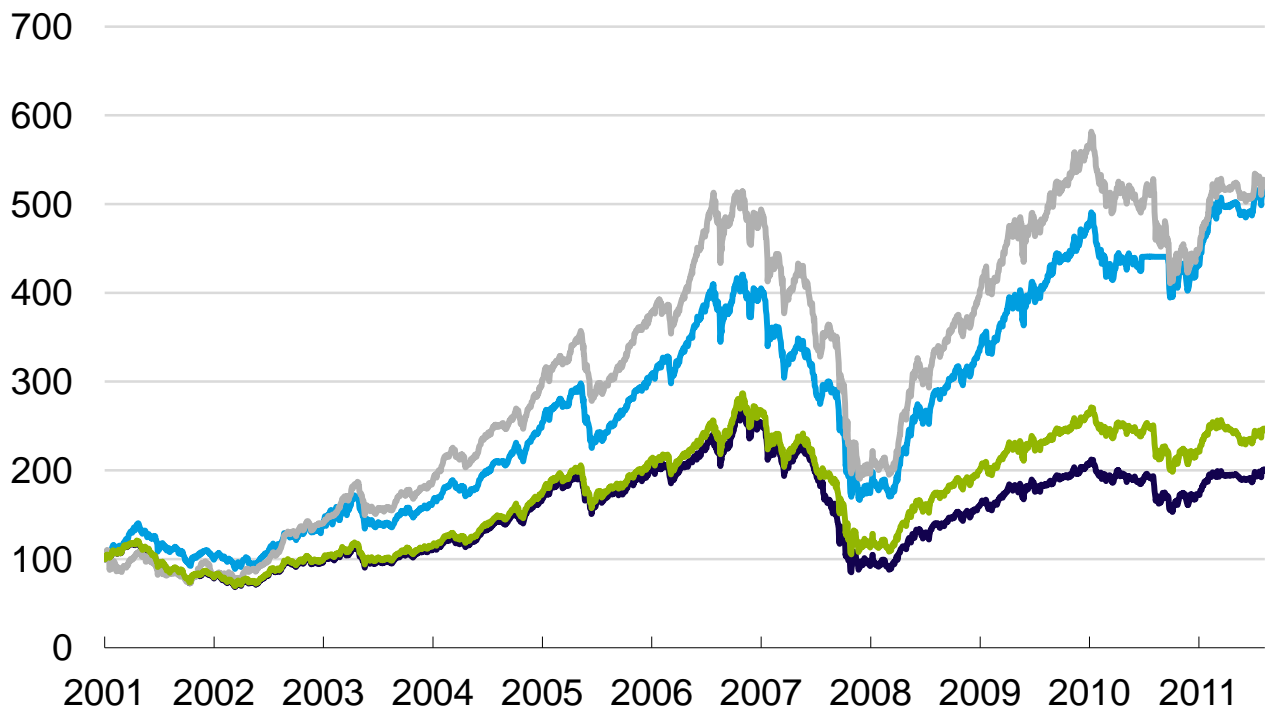
- » Africa 90 has highest performance
- » Developed Markets 2400 has the lowest volatility

Key figure	Performance	Volatility
Africa 90	14.86%	21.92%
EM 1500	8.90%	19.79%
EM1500 ex BRIC	8.94%	18.58%
EA 1800 ex Japan	6.75%	22.31%
EA 1800	2.76%	19.88%
DM 2400	-0.98%	16.77%

STOXX Emerging Markets 500 Small performed better than other indices having third largest volatility

STOXX Emerging Markets 500 size and STOXX Emerging Markets 500 indices

Index performance



Overview

- » Emerging Markets Small 500 has the best performance
- » Emerging Markets Mid 500 showed the lowest volatility

Key figures

Key figures	Performance	Volatility
EM Large 500	6.81%	20.90%
EM Mid 500	16.72%	19.50%
EM Small 500	16.88%	19.67%
EM 1500	8.90%	19.79%

STOXX EM Large 500

STOXX EM Mid 500

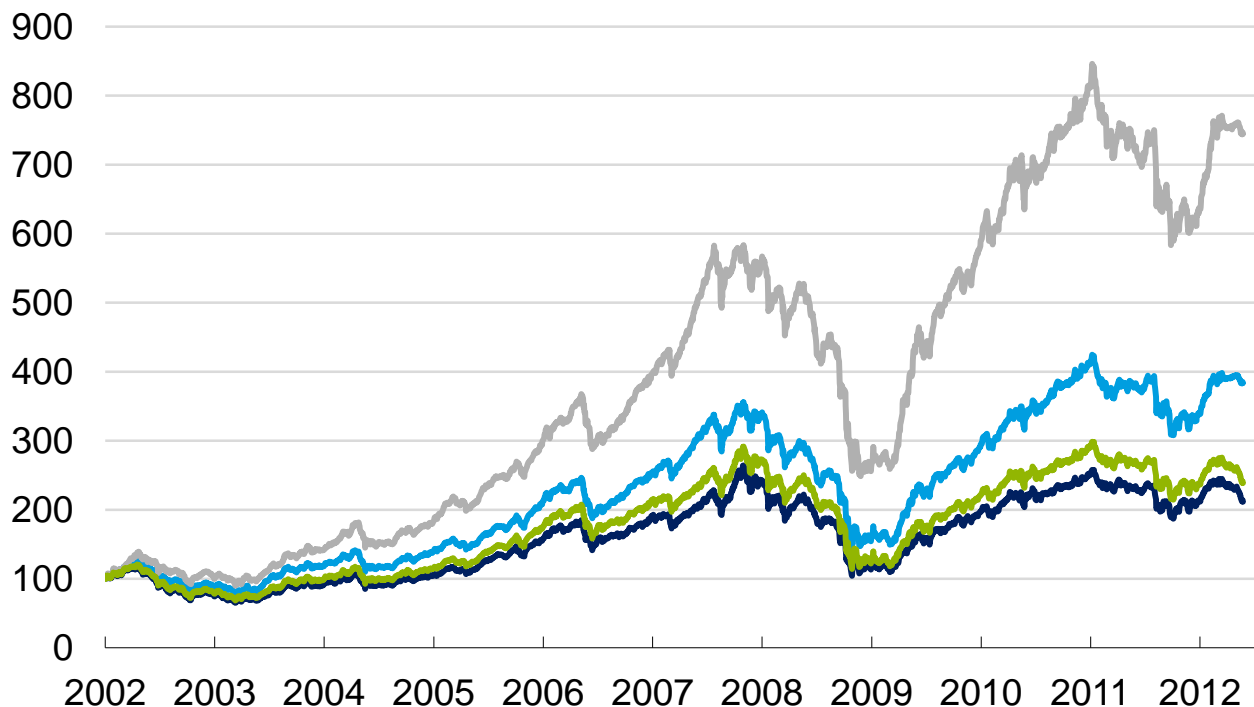
STOXX EM Small 500

STOXX EM 1500

STOXX Emerging Markets TMI Small has the highest performance with the lowest volatility

STOXX Emerging Markets TMI size and benchmark indices

Index performance



Overview

- » Emerging Markets TM Small has the highest performance and the lowest volatility
- » EM TM Large displayed the highest volatility

Key figures

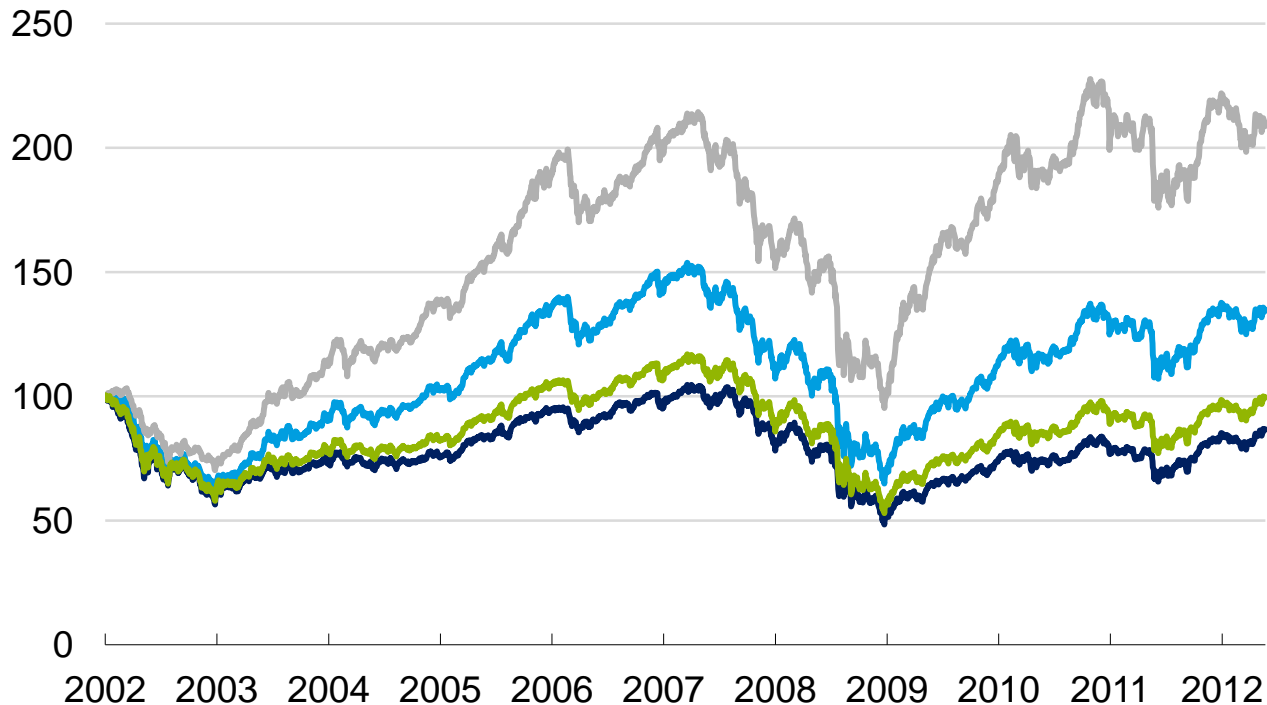
Key figures	Performance	Volatility
EM TM Large	8.17%	20.52%
EM TM Mid	14.11%	18.40%
EM TM Small	21.18%	18.22%
EM TMI	9.49%	19.77%

■ STOXX EM TM Large
 ■ STOXX EM TM Mid
 ■ STOXX EM TM Small
 ■ STOXX EM TMI

STOXX Developed Markets TMI Small performed better than other indices and also showed the lowest volatility

STOXX Developed Markets TM size and benchmark indices

Index performance



■ STOXX DM TM Large
 ■ STOXX DM TM Mid
 ■ STOXX DM TM Small
 ■ STOXX DM TMI

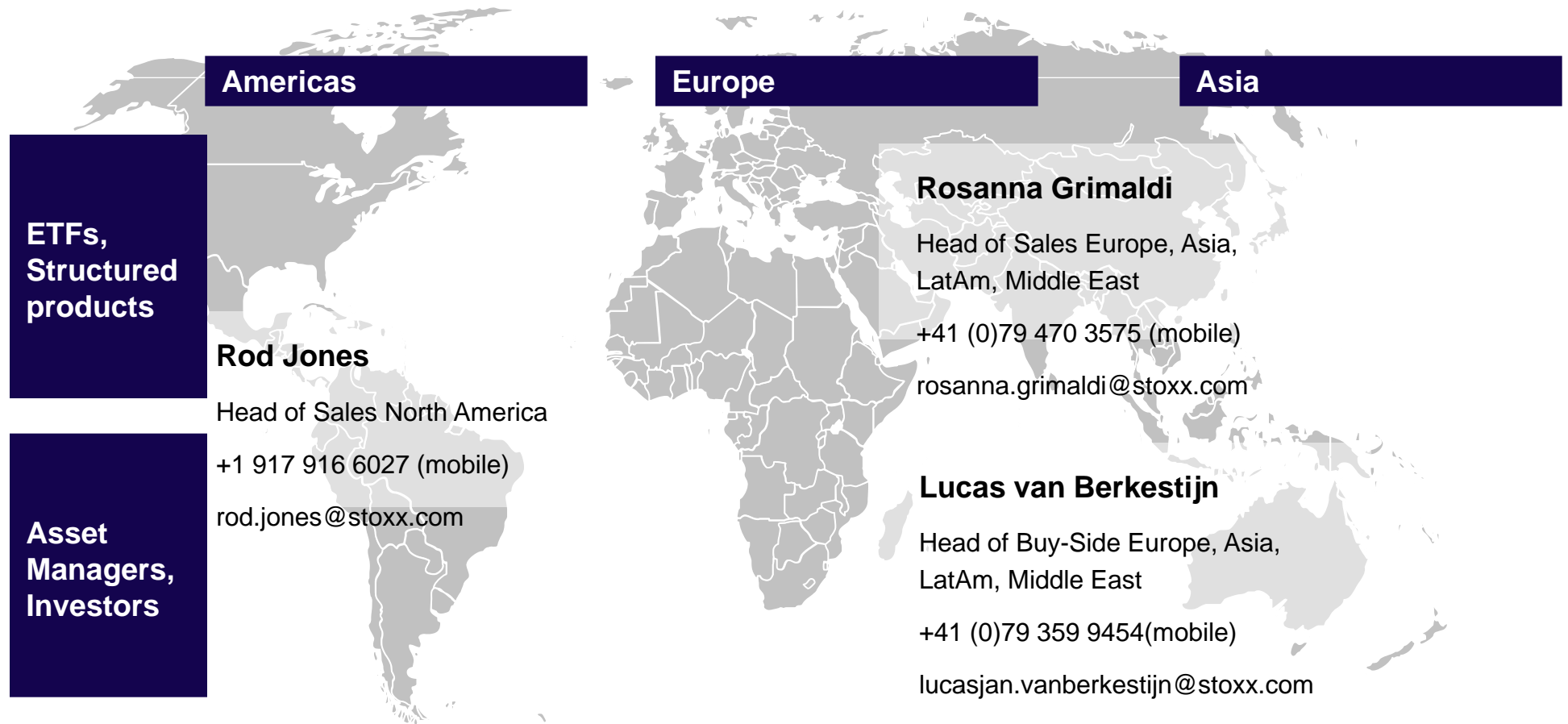
Overview

- » DM TM Small has the highest performance and the lowest volatility
- » DM TM Large showed the highest volatility

Key figures

Key figures	Performance	Volatility
DM TM Large	-2.31%	17.50%
DM TM Mid	2.22%	16.43%
DM TM Small	7.49%	14.28%
DM TMI	-1.02%	17.08%

STOXX sales contacts



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