

STOXX

MONTHLY INDEX NEWS

February 2018

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INSIGHT

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STOXX Benchmark Indices

Key points

Concerns that US inflation is set to accelerate and put pressure on policymakers to lift interest rates caused havoc in markets over February. US bond yields spiked and equities plunged.

The STOXX® Global 1800 index declined 2% in the month when measured in euros, its worst monthly performance since January 2016. A 1.8% drop in the common currency over the month helped cushion losses for European-based investors by raising the relative value of the index's US constituents. European benchmarks, without the underpinning of currency moves, fared worse.

In US dollar terms, the STOXX Global 1800 fell 4.1%, its first decline since October 2016.

The STOXX® Asia/Pacific 600 index outperformed the global benchmark. Unlike previous iterations of sell-offs triggered by interest-rate concerns, investors this time seemed less concerned about the effect that higher US inflation will have on emerging markets.

Wild share price swings were a defining feature of the month, with all regions registering a significant increase in annualized volatility readings compared to the past year.

Despite the negative returns in the month, all regions are still posting a positive performance for the past year.

Risk and return characteristics

	Return (%)			Annualised volatility (%)			Sharpe Ratio (1Y)	Dividend Yield (1Y)	P/B	Volatility Percentile
	1M	YTD	1Y	1M	YTD	1Y				
1. Euro STOXX 50	-4.6	-1.7	6.2	18.4	14.8	11.3	0.6	2.6	1.6	59 th
2. STOXX Europe 600	-3.8	-2.2	5.3	17.8	13.6	9.5	0.6	2.7	1.8	73 rd
3. STOXX North America 600	-1.8	-0.2	1.0	24.2	18.9	12.0	0.1	1.4	3.0	89 th
4. STOXX Asia/Pacific 600	0.1	0.6	4.5	18.1	15.3	10.7	0.4	2.2	1.6	64 th
5. STOXX Global 1800	-2.0	-0.6	2.5	17.1	13.9	9.4	0.3	1.9	2.1	84 th

Risk and return performance figures for STOXX Benchmark Indices, EUR Net Return. Data as of Feb. 28, 2018.
Source: STOXX Limited.

Price and Volatility performance

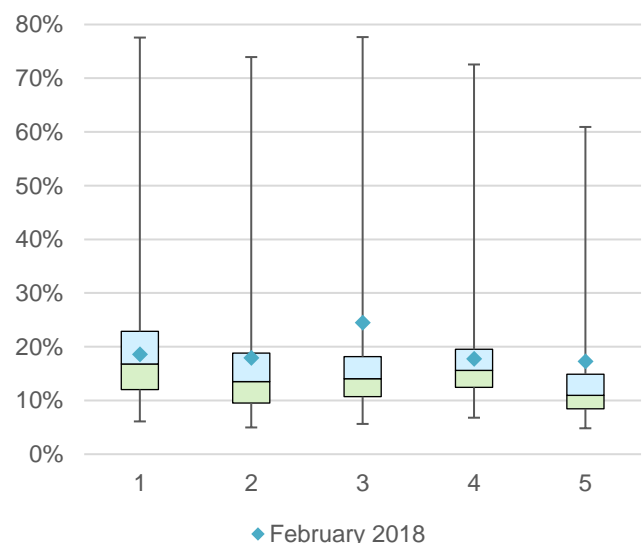


Figure 1: Annual price performance, EUR Net Return. Mar. 2017 – Feb. 2018. Shaded area: Feb. 2018. Source: STOXX Limited.

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

Europe Factor Indices

Key points

It was a positive month for pure factor investing. All 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 gains in February.

The iSTOXX® Europe Carry Factor Market Neutral index came on top, with a 1.5% advance.

Risk and return characteristics

	Return (%)			Annualised volatility (%)			Volatility Percentile
	1M	YTD	1Y	1M	YTD	1 Y	
1. iSTOXX Europe Carry Factor Market Neutral	1.5	1.1	3.2	3.5	3.5	3.3	32 nd
2. iSTOXX Europe Low Risk Factor Market Neutral	1.2	1.8	3.2	4.7	3.8	2.5	80 th
3. iSTOXX Europe Momentum Factor Market Neutral	1.1	0.1	4.0	3.4	3.5	3.2	40 th
4. iSTOXX Europe Quality Factor Market Neutral	0.3	-0.4	1.0	3.2	2.9	2.9	36 th
5. iSTOXX Europe Size Factor Market Neutral	0.8	1.1	2.7	4.9	4.7	4.2	35 th
6. iSTOXX Europe Value Factor Market Neutral	0.9	-0.1	1.5	4.5	4.3	3.5	55 th
7. iSTOXX Europe Multi-Factor Market Neutral	1.2	0.7	1.1	3.7	3.9	3.5	35 th

Risk and return performance figures for iSTOXX Europe Market Neutral Factor Indices, EUR Total Return Net Return. Data as of Feb. 28, 2018. Source: STOXX Limited.

Price and Volatility performance

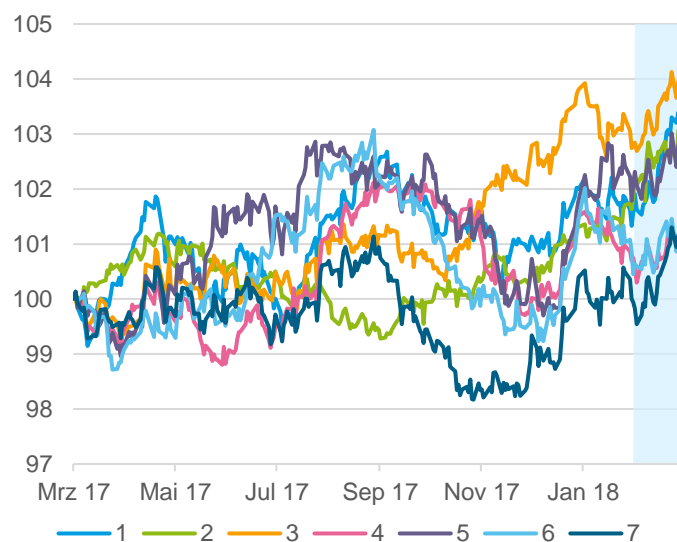


Figure 3: Annual price performance, EUR Total Return Net Return. Mar. 2017 – Feb. 2018. Shaded area: Feb. 2018. Source: STOXX Limited.

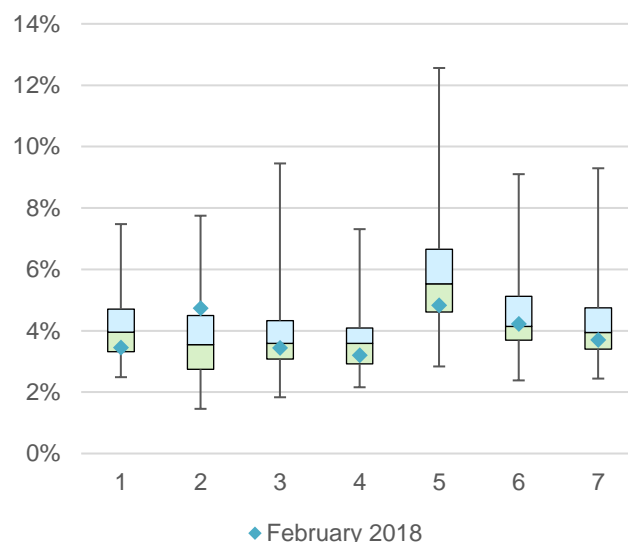


Figure 4: Monthly annualised volatility analysis, EUR Total Return Net Return. Aug. 2010 – Feb. 2018. Source: STOXX Limited.

STOXX Thematic Indices

Key points

Two of the STOXX thematic indices posted a positive return during February, in euros. The STOXX® Global Artificial Intelligence and the iSTOXX® FactSet Digitalisation indices track, respectively, companies most exposed to the disruptive trends of intelligent systems and the use of digital processes.

Almost all thematic indices have posted double-digit gains in the past year as investors appraise the potential of those businesses that are leveraged to megatrends changing the modern world. The exception has been the iSTOXX® FactSet Ageing Population, which is in positive territory nonetheless.

STOXX compiles two indices exposed to artificial intelligence: the STOXX® AI Global Artificial Intelligence and the STOXX Global Artificial Intelligence. The first one tracks companies that invest heavily in AI research and development, using AI techniques in order to identify them. The second one, meanwhile, selects companies with substantial exposure to AI revenue sources.

Risk and return characteristics

	Return (%)			Annualised volatility (%)			Sharpe Ratio (1Y)	Dividend Yield (1Y)	P/B	Volatility Percentile
	1M	YTD	1Y	1M	YTD	1Y				
1. STOXX AI Global Artificial Intelligence	0.0	2.8	10.7	15.8	13.7	10.0	1.0	1.4	2.5	78 th
2. STOXX Global Artificial Intelligence	1.6	7.0	21.8	26.9	22.9	17.0	1.2	1.0	5.3	90 th
3. iSTOXX FactSet Digitalisation	1.8	5.5	12.1	14.2	12.4	10.1	1.1	1.1	4.4	69 th
4. iSTOXX FactSet Automation & Robotics	-1.9	4.0	24.4	19.2	17.0	12.1	1.8	1.3	3.5	88 th
5. iSTOXX FactSet Ageing Population	-1.8	0.8	2.3	13.1	11.3	8.8	0.2	1.7	1.9	69 th
6. iSTOXX FactSet Breakthrough Healthcare	-1.9	7.8	19.4	18.4	16.8	12.2	1.5	0.4	4.7	81 st

Risk and return performance figures for STOXX Thematic Indices, EUR Net Return. Data as of Feb. 28, 2018. Source: STOXX Limited.

Price and Volatility performance

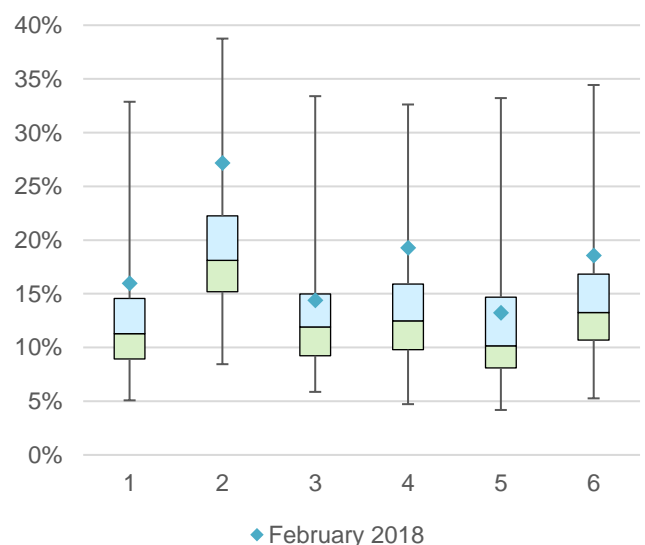
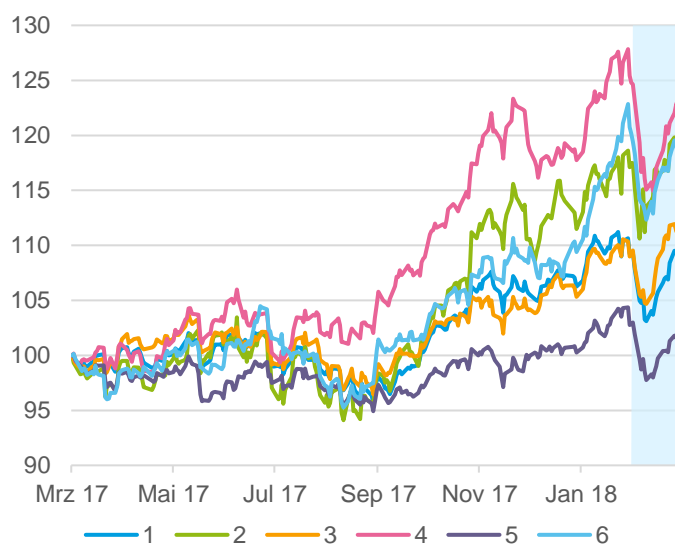


Figure 5: Annual price performance, EUR Net Return. Mar. 2017 – Feb. 2018. Shaded area Feb. 2018. Source: STOXX Limited.

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

ESG & Sustainable Investing Indices

Key points

Indices tracking sustainable investing and environmental, social and governance (ESG) principles posted a slight outperformance relative to their benchmarks in February. Still, the month was marked by losses in all major regions.

Risk and return characteristics

	Return (%)			Annualised volatility (%)			Sharpe Ratio (1Y)	Dividend Yield (1Y)	P/B	Volatility Percentile
	1M	YTD	1Y	1M	YTD	1 Y				
1. STOXX Europe Industry Neutral ESG	-3.8	-2.4	4.2	17.4	13.3	9.5	0.5	2.7	1.8	82 nd
2. STOXX USA ESG Impact	-1.5	0.5	1.7	25.3	19.7	12.5	0.1	1.5	3.6	95 th
3. STOXX Global ESG Impact	-1.6	0.0	4.0	17.3	13.9	9.5	0.4	2.0	2.4	86 th
4. STOXX Europe 600 Low Carbon	-3.7	-2.1	5.2	17.8	13.6	9.5	0.6	2.7	1.8	83 rd
5. STOXX USA Low Carbon	-1.2	0.9	2.5	24.9	19.5	12.4	0.2	1.4	3.1	95 th
6. STOXX Global 1800 Low Carbon	-1.8	-0.1	3.6	16.9	13.7	9.3	0.4	1.9	2.0	85 th

Risk and return performance figures for STOXX ESG and Sustainable Investing Indices, EUR Net Return. Data as of Feb. 28, 2018. Source: STOXX Limited.

Price and Volatility performance

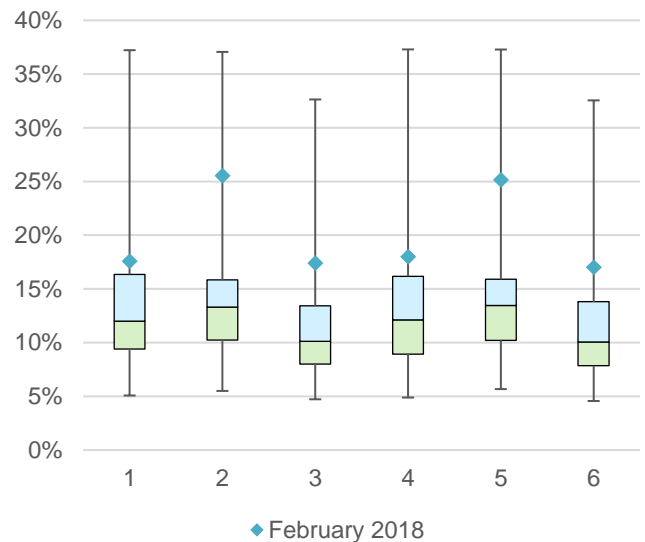


Figure 7: Annual price performance, EUR Net Return. Mar. 2017 – Feb. 2018. Shaded area: Feb. 2018. Source: STOXX Limited.

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

Minimum Variance Indices

Key points

Minimum variance strategies proved their worth during a difficult month for markets. The STOXX® Global 1800 Minimum Variance Unconstrained index fell 70 basis points less than its benchmark, the STOXX Global 1800. And the STOXX® Europe 600 Minimum Variance Unconstrained index outperformed the STOXX Europe 600 by 1.3 percentage points.

The STOXX Minimum Variance Indices come in two versions: constrained and unconstrained. The former have a similar exposure to a market-cap index but with much lower risk. The unconstrained version, on the other hand, has complete freedom to fulfill its minimum variance mandate within the same universe of stocks. Both versions displayed lower levels of annualized volatility in February than their benchmarks.

Risk and return characteristics

	Return (%)			Annualised volatility (%)			Sharpe Ratio (1Y)	Dividend Yield (1Y)	P/B	Volatility Percentile
	1M	YTD	1Y	1M	YTD	1Y				
1. STOXX Europe 600 MV	-3.7	-3.4	4.8	16.3	12.7	9.0	0.6	2.1	2.2	84 th
2. STOXX Europe 600 MV Unconstrained	-2.5	-1.7	10.4	16.1	12.5	9.2	1.2	2.0	2.4	90 th
3. STOXX USA 900 MV	-3.3	-4.2	-5.8	20.5	16.4	10.9	-0.5	1.5	3.5	89 th
4. STOXX USA 900 MV Unconstrained	-2.5	-3.8	-7.8	18.9	15.1	10.1	-0.8	1.5	2.8	92 nd
5. STOXX Global 1800 MV	-1.4	-1.8	-2.4	13.5	11.4	8.2	-0.3	1.8	2.5	86 th
6. STOXX Global 1800 MV Unconstrained	-1.3	-2.0	-2.7	12.8	11.0	8.2	-0.3	1.8	2.3	86 th

Risk and return performance figures for STOXX Minimum Variance Indices, EUR Net Return. Data as of Feb. 28, 2018. Source: STOXX Limited.

Price and Volatility performance

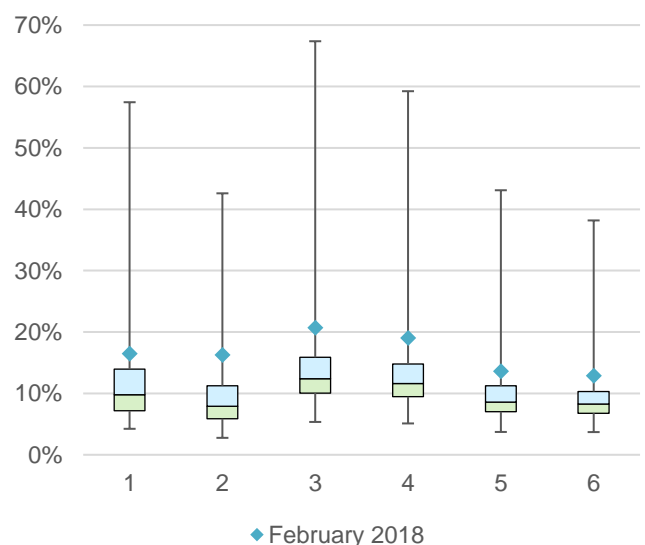
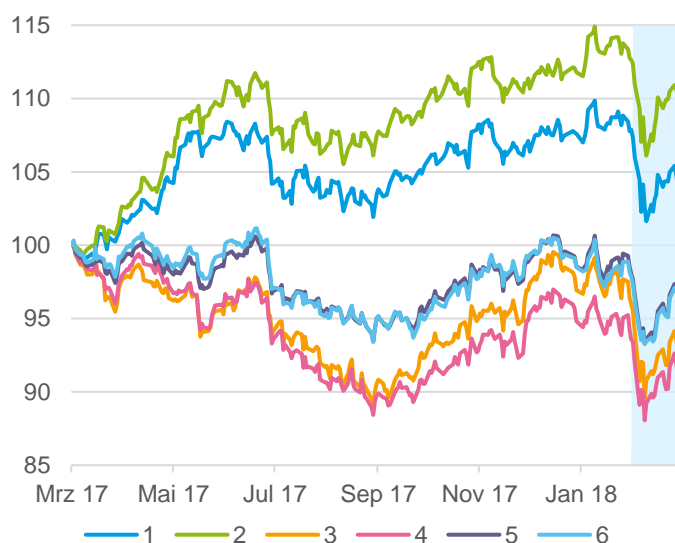


Figure 9: Annual price performance, EUR Net Return. Mar. 2017 – Feb. 2018. Shaded area: Feb. 2018. Source: STOXX Limited.

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

Dividend Indices

Key points

Global dividend strategies continue to struggle, as rising bond yields reduce the relative appeal of equity payments. The three indices below track different global dividend approaches, and all fared worse than the STOXX Global 1800 index during February. The STOXX® Global Select Dividend 100 and the STOXX® Global Select 100 EUR extended the underperformance from the past year.

Still, all three registered lower levels of volatility than the broader market in the latest month.

Risk and return characteristics

	Return (%)			Annualised volatility (%)			Sharpe Ratio (1Y)	Dividend Yield (1Y)	P/B	Volatility Percentile
	1M	YTD	1Y	1M	YTD	1Y				
1. STOXX Global Maximum Dividend 40	-2.8	-3.1	3.9	14.9	11.6	9.7	0.5	9.6	1.7	66 th
2. STOXX Global Select Dividend 100	-2.1	-2.2	-3.6	12	10.0	7.9	-0.4	3.6	1.4	66 th
3. STOXX Global Select 100 EUR	-2.7	-3.0	-3.2	13.9	10.8	7.1	-0.4	3.2	1.4	83 rd

Risk and return performance figures for STOXX Dividend Indices, EUR Net Return. Data as of Feb. 28, 2018.
Source: STOXX Limited.

Price and Volatility performance



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

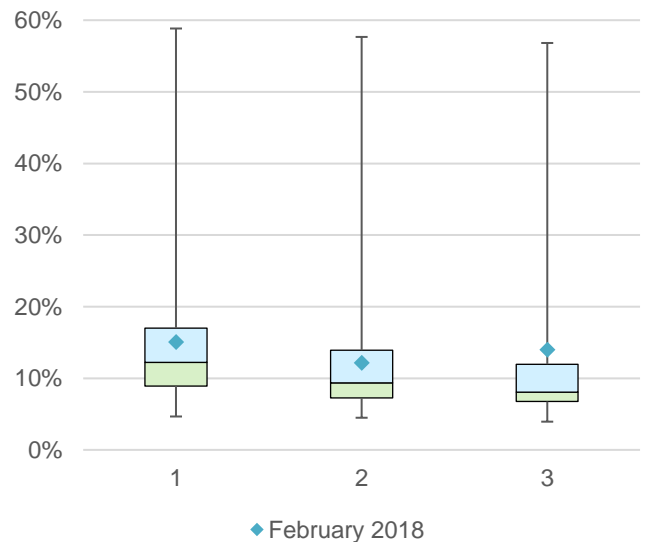


Figure 12: Monthly annualised volatility analysis, EUR Net Return. Jul. 2004 – Feb. 2018. Source: STOXX Limited.