STOXX | QONTIGO

Powered by AXIOMA FACTOR RISK MODELS

STOXX ESG-X FACTOR INDICES:

Responsible Investing Criteria, Targeted Factor Exposures

The STOXX® ESG-X Factor Indices provide sustainably-driven investors with ESG-screened indices that can target similar levels of factor exposures as the STOXX Factor Indices, while controlling for unintended exposures.

Coverage at Launch

The STOXX ESG-X Factor Index suite includes over **30 indices** covering **6 factors** and **6 universes**

FACTORS	UNIVERSES:
> Value	> Global 1800
> Quality	> Europe 600
> Momentum	> USA 900
> Low Risk	> APAC 600
> Size	> USA 500
> Multi-Factor (Premium)	> Japan 600

Built using the same methodology as the STOXX Factor Indices, the STOXX ESG-X Factor Indices incorporate the exclusion criteria of the STOXX ESG-X Universe to create an ESG-X screened version of the STOXX benchmark. Our ESG-X approach is applied across regions, sizes and sectors to meet the responsible-investing criteria of leading asset owners:

Methodology Overview – Applied to over 40+ indices across regions, sizes & sectors

1. UNIVERSE	• STOXX parent index

2. SELECTION	**ESG Exclusion as provided and determined by Sustainalytics criteria :**
	• Global Standards Screening (if non-compliant)
	• Involvement in Controversial Weapons
	    • Anti-personnel mines, biological and chemical weapons, cluster weapons, depleted uranium, nuclear weapons and white phosphorus
	• Tobacco Producers (0% revenue threshold)
	• Thermal Coal
	    • 25% revenue threshold from thermal coal mining and exploration
	    • 25% power generating capacity (coal-fired electricity, heat or steam generation capacity / thermal coal electricity production)

3. WEIGHTING	• Free Float Market Cap (i.e. not score weighted)
4. REVIEW	• "Fast Exit Rule" - A company is deleted from the Index (t+2) if Sustainalytics raises the ESG-controversy category to 5 and becomes non-compliant based on Global Standards Screening

Design Objectives

Create a modern, comprehensive toolkit of indices for benchmarking and investors.

ROBUST DEFINITIONS

- Built by mapping Axioma's granular, research-based factor definitions to smart beta factors – Value, Quality, Momentum, Low Risk and Size

Using a risk model allows for ease of control over unintended factor exposures

TRADABLE

- Limits exposures to less liquid names and turnover
- Controls number of names and potential weights

Deliver results aiming for higher capacity and reduced trading costs

INTUITIVE

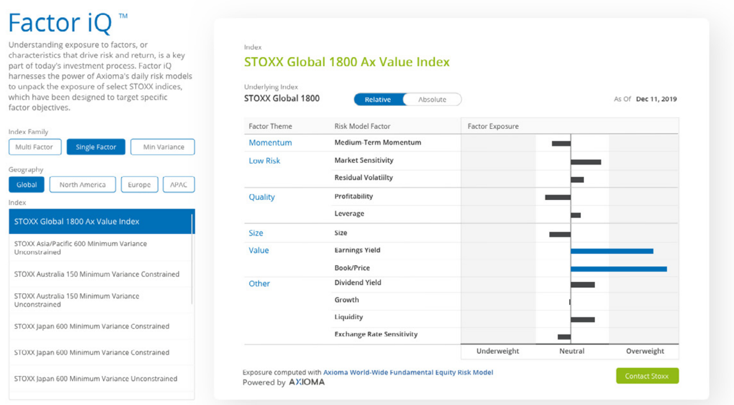
- Consistent methodology across regions and factors
- Verified results with the high-quality data analytics

Usage of high-quality data analytics to verify performance drivers

FACTOR CLARITY

- Ensures strong target factor exposure
- Controls unintended factor exposures
- Targets benchmark tracking, with sector and country controls

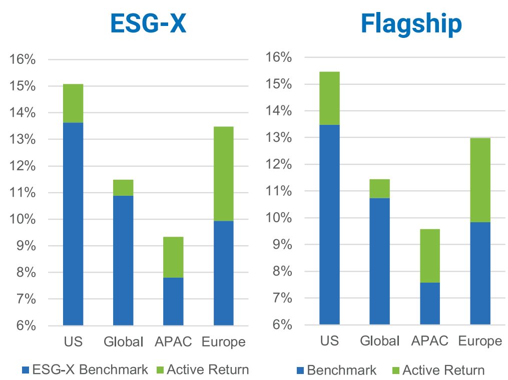
THE RESULTING INDICES OFFER FACTOR *CLARITY* AS DEMONSTRATED BY HISTORICAL RESULTS



STOXX ESG-X factor indices deliver targeted factor exposure comparable to non-ESG factor indices.

> Annual Return Comparison of ESG-X Factor Indices vs. STOXX Flagship Universe

> Adding ESG criteria does not negatively impact the performance of index families



About STOXX Indices

STOXX is Qontigo's global index provider, currently calculating a global, comprehensive index family of over 10,000 strictly rules-based and transparent indices.

About Axioma Analytics

Qontigo provides Axioma analytic tools for portfolio construction, factor risk modeling and performance attribution to over 300 investment management firms.

To learn more about Qontigo, please contact us, or visit qontigo.com

QONTIGO
AXIOMA | DAX | STOXX
sales@qontigo.com
support@qontigo.com
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