



## ISTOXX Europe Quarterly – 5 single factors outperformed

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As the awareness for the indices is rising – see **Bloomberg** ([Link](#)) and **Die Welt** ([Link](#)) articles – we thought, it might be a good opportunity to give an update on the performance and written materials available.

### STOXX releases

Dr. Jan Carl Plagge - STOXX's Head of Applied Research – published “**iSTOXX Europe Factor Indices – An investable Access to Factor Risk Premia**” - ([Link](#)), where he elaborated on the diversification potential of the indices and the “innovative methodology” of the multifactor in comparison to “a heuristic e.g. equally weighted aggregation of single factor indices”. STOXX PULSE ONLINE released “**Factor investing is Smart Investing**” ([Link](#))– showing the attractiveness of the six single factor indices from a return prospective over time as well as the remarkable difference between investing in the multifactor instead of simple averaging out across six single factors.

### Factor performance

Looking at the performance overall – **5 out of 6 single outperformed** the STOXX 600 benchmark. **Carry (+2,5%)** and **Low Risk (+1,5%)** delivered the highest degree of outperformance. Given the fact that European markets moved more or less sideways in a +/- 5% range and exhibited heightened volatility – **VSTOXX**, a measure of implied volatility **reached 40**, the second highest level during the last 4 years – factors with defensive characteristics outperformed. “**Quality**”, typically a factor with a defensive payoff profile as well, showed that characteristic nearly perfectly during the last 3 month. As the market in general rose towards the end of the period, relative performance finally was -0,2% vs. benchmark, leaving Quality as the sole single factor underperforming. “**Multi Factor**” exhibited a slightly higher degree of below benchmark performance (-0,7%), recouping some of the relative losses vs. STOXX 600 from the beginning of April. This might come as a surprise to investors but given the fact, that Multifactor outperformed strongly during the last 12 month and that it should be an **independent source of return** – and not only the average of the 6 single factors- everything seems to be ok – at least until now.

As “**one swallow doesn't make a summer**”, we think it's a promising start during an environment of above average volatility. As the indices are **relatively unique in the way the factor premia are exploited**, the results give us some more confidence in our process of extracting factor premia in equities and risk premia in other asset classes as well. And as we're in the process of launching **new investment solutions** – all based on the **philosophy of extracting the “pure risk premia”** (meaning as pure as possible) – we'll keep you posted.



# Alpha Centauri Indexing - Monitoring 2016-07-21

## Description:

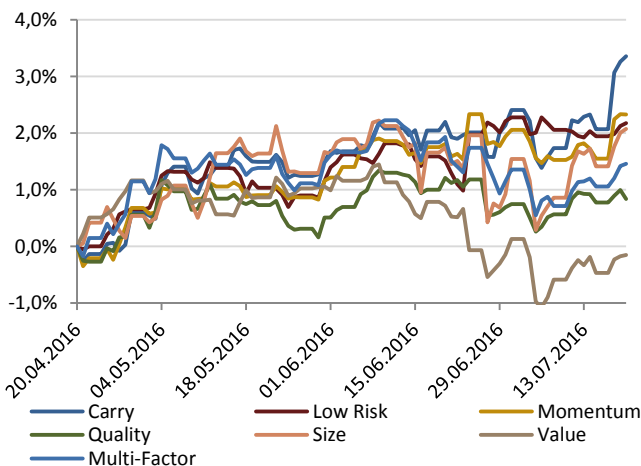
The iSTOXX Europe Single Factor index family developed by STOXX in collaboration with Alpha Centauri offers investors a unique and very innovative way to target and capture premia. It consists of six single factors that aim to capture well-known risk premia and one multi-factor that aims at simultaneously capturing premia from the aggregate of all single factors rather than from just one source of risk alone. All indices are constructed to maximize the exposure to their particular factor and minimize unwanted risks. While constructing the final indices the FIS APT risk model is used to measure and restrict risk.

For more information go to [www.alpha-centauri.com](http://www.alpha-centauri.com) or [www.stoxx.com](http://www.stoxx.com)

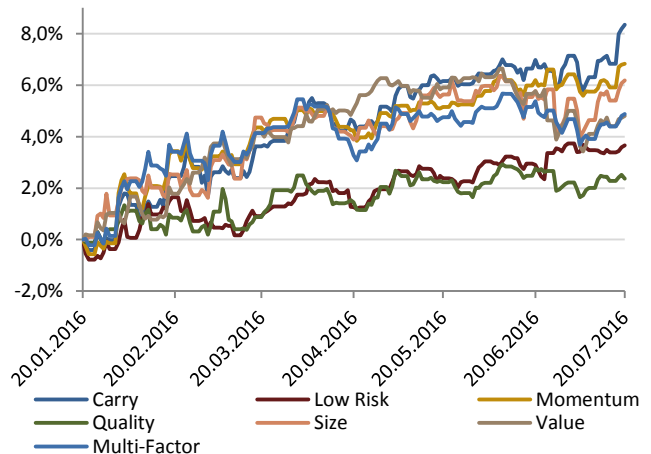
## Performance and Volatility Breakdown

Name	Ticker	Return 3 Months	Return 6 Months	Return 12 Months	Return Live (1.4.)	Vola pa	Vola pa Live (1.4.)
Carry	ISECFER Index	1,8%	16,4%	-5,4%	6,7%	19,9%	24,4%
Low Risk	ISERRER Index	0,6%	11,8%	-6,4%	5,7%	17,8%	21,8%
Momentum	ISEMFER Index	0,8%	14,9%	-5,5%	5,4%	19,7%	23,4%
Quality	ISEQFER Index	-0,7%	10,5%	-6,3%	3,7%	19,8%	24,1%
Size	ISEZFER Index	0,5%	14,3%	-6,8%	4,7%	18,9%	24,9%
Value	ISEVFER Index	-1,7%	12,9%	-11,9%	4,1%	20,4%	26,0%
Multi-Factor	ISEXFER Index	-0,1%	13,0%	-3,6%	3,2%	18,4%	22,8%
Benchmark	SXXR Index	-1,6%	8,1%	-13,7%	3,9%	20,8%	24,2%

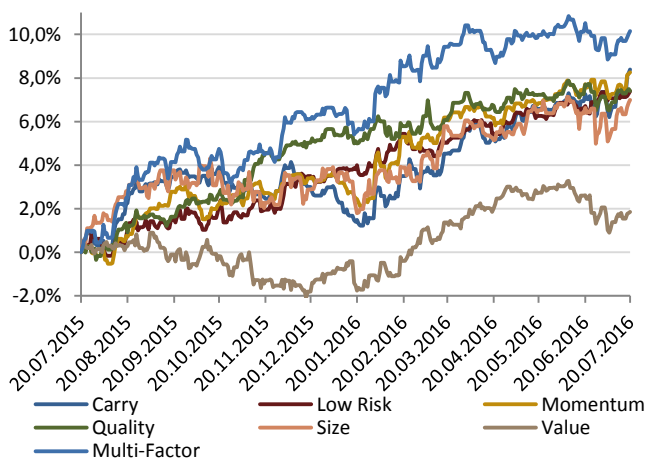
### Excess Return 3 Months



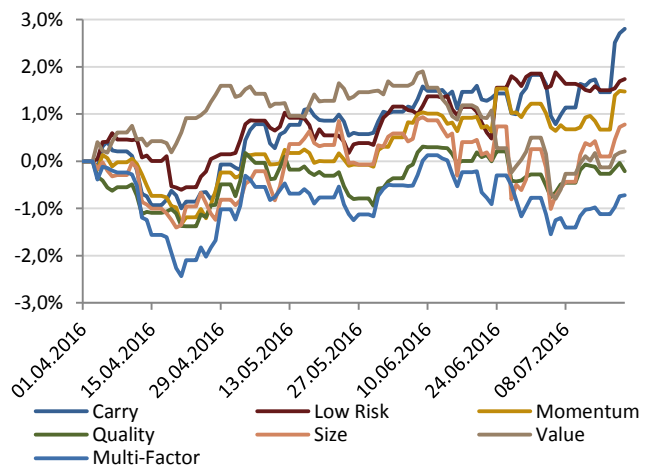
### Excess Return 6 Months



### Excess Return 12 Months



### Excess Return since going Live (1.4.)



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