

# Equity Factor Insights

QUARTERLY REPORT | JULY 2025

**Momentum resumes outperformance, even as regional factor leadership diverges**

**Momentum outperforms and Size shines in Q2**

After lagging steeply in several regions in Q1, Momentum outperformed in 5 of 6 regions in Q2, as risk-on sentiment returned to markets and the global tech rally resumed. Value, Yield and Low Vol mostly lagged. Interestingly, Size led factor relative returns particularly in Europe and the UK but also in Emerging, driven notably by positive selection effects within several industries.

**Regional factor performance diverges**

In Q2, US Size steeply underperformed in contrast to Size in several other regions. Japan was the sole region where Quality outperformed the benchmark. Over 12M, Europe and US factors particularly diverged, with Value, Size, Momentum and Yield outperforming in Europe, while these factors lagged the benchmark in the US.

**Cyclicals and Health Care exposures are key drivers**

In Q2, an overweight to cyclicals which rallied was generally supportive of factor relative returns. Conversely, an underweight to Health Care, which was a drag on index returns in several regions, led to positive allocation effects.

**Valuations rerate amid broad-based equity rally**

After dipping in or around April, absolute 12M factor forward P/Es expanded for most factors. US and Emerging factors remained expensive relative to history.

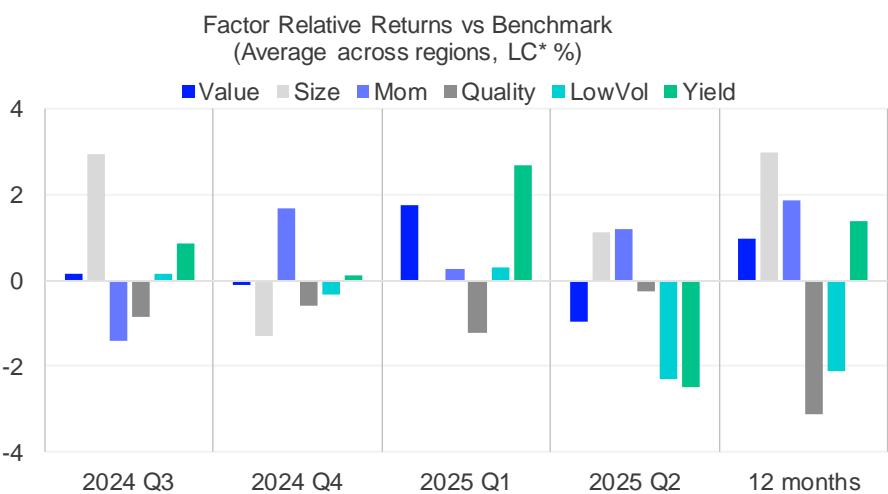
CONTENTS	
Global View	2
US	6
UK	9
Europe ex UK	12
Japan	15
Asia Pacific ex Japan	18
Emerging Markets	21
FTSE Russell Factor Indices	24
Notes and Glossary	26

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## Regional Factor Performance Highlights



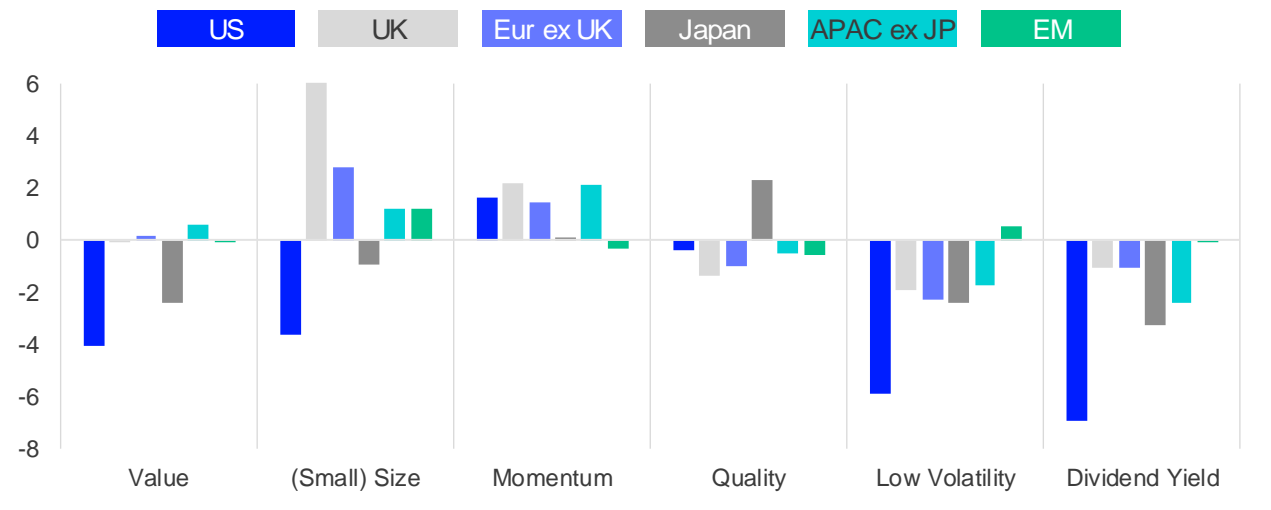
### Select Regional Relative Returns, 3M (%)

<b>+1.6%</b> US Momentum	<b>-6.9%</b> US Yield
<b>+2.8%</b> Europe ex UK Size	<b>-2.3%</b> Europe ex UK Low Vol
<b>+6.0%</b> UK Size	<b>-1.9%</b> UK Low Vol
<b>+2.3%</b> Japan Quality	<b>-3.3%</b> Japan Yield

## Global View – Factor and Benchmark Performance Highlights, 3M

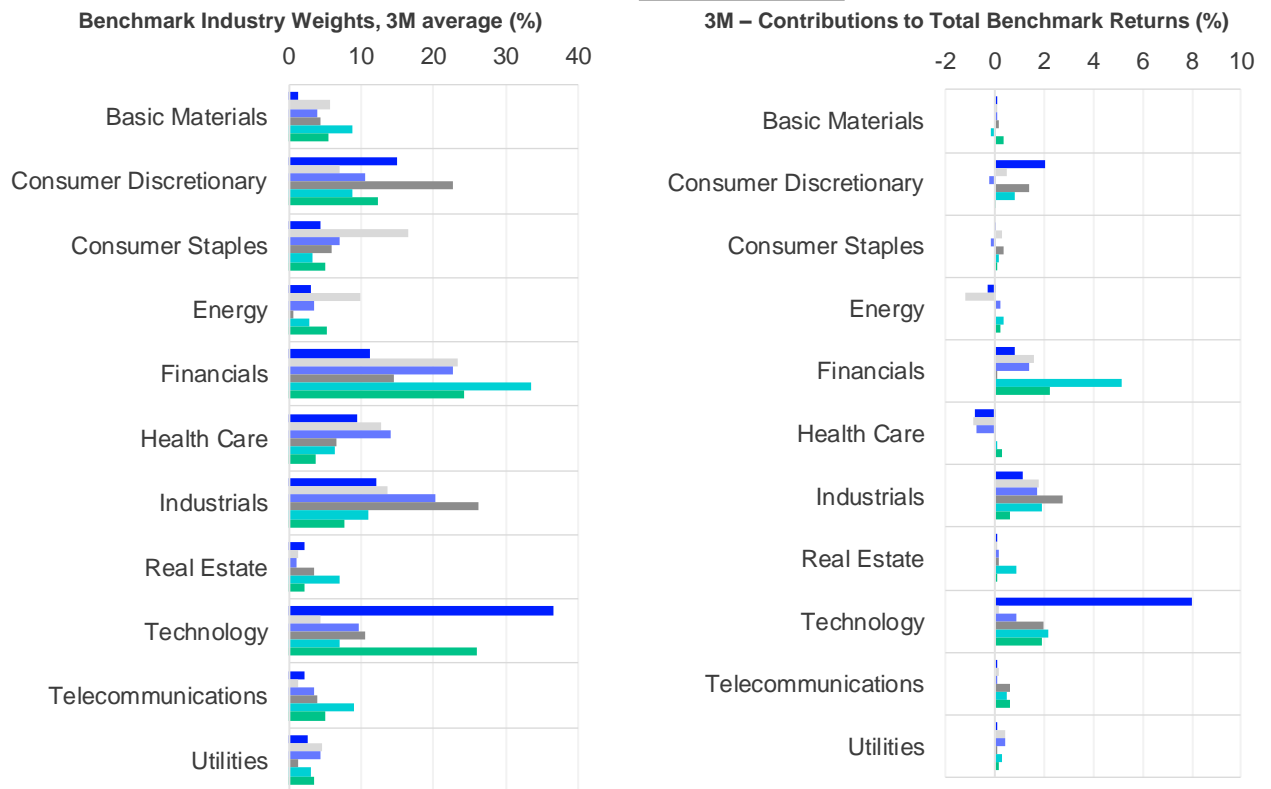
Q2 2025 saw a reversal of many first quarter factor trends, as the general malaise surrounding US tariff policy impact seemed to moderate, the global tech rally resumed, and equities were up broadly. Momentum outperformed in 5 of 6 regions, including in the US where it had lagged during Q1. Value and Dividend Yield were flat relative to the index or underperformed in most regions. Low Vol mostly lagged, consistent with the return of risk-on sentiment to markets. And (Small) Size led the benchmark in the UK, Europe and Emerging, indicating a broad rally within regions.

Regional Relative Factor returns vs benchmark — 3M (TR, LC%)



Regional Equity Market Returns – 3M (TR, LC %) – Cyclical drive equities globally

Asia Pacific and US equities outperformed other regions while UK and European equities lagged, in a reversal from Q1. Tech contributed substantially to index returns, particularly in the US. As yield curves steepened in many countries, Financials benefitted broadly, especially in Asia Pacific. And Health Care lagged notably in the US, UK and Europe.

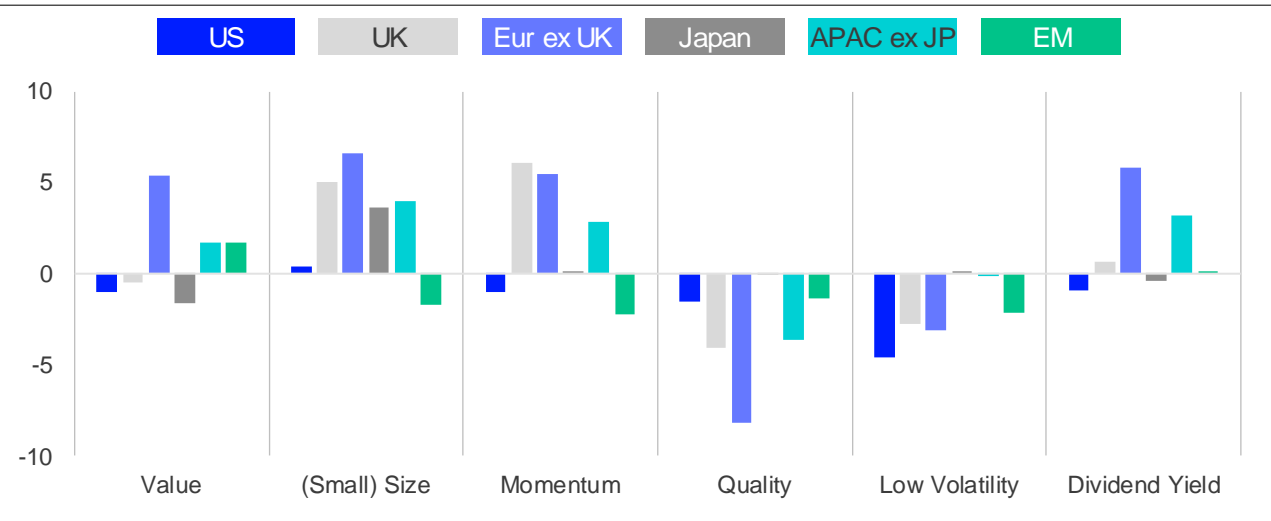


Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

## Global View – Factor and Benchmark Performance Highlights,12M

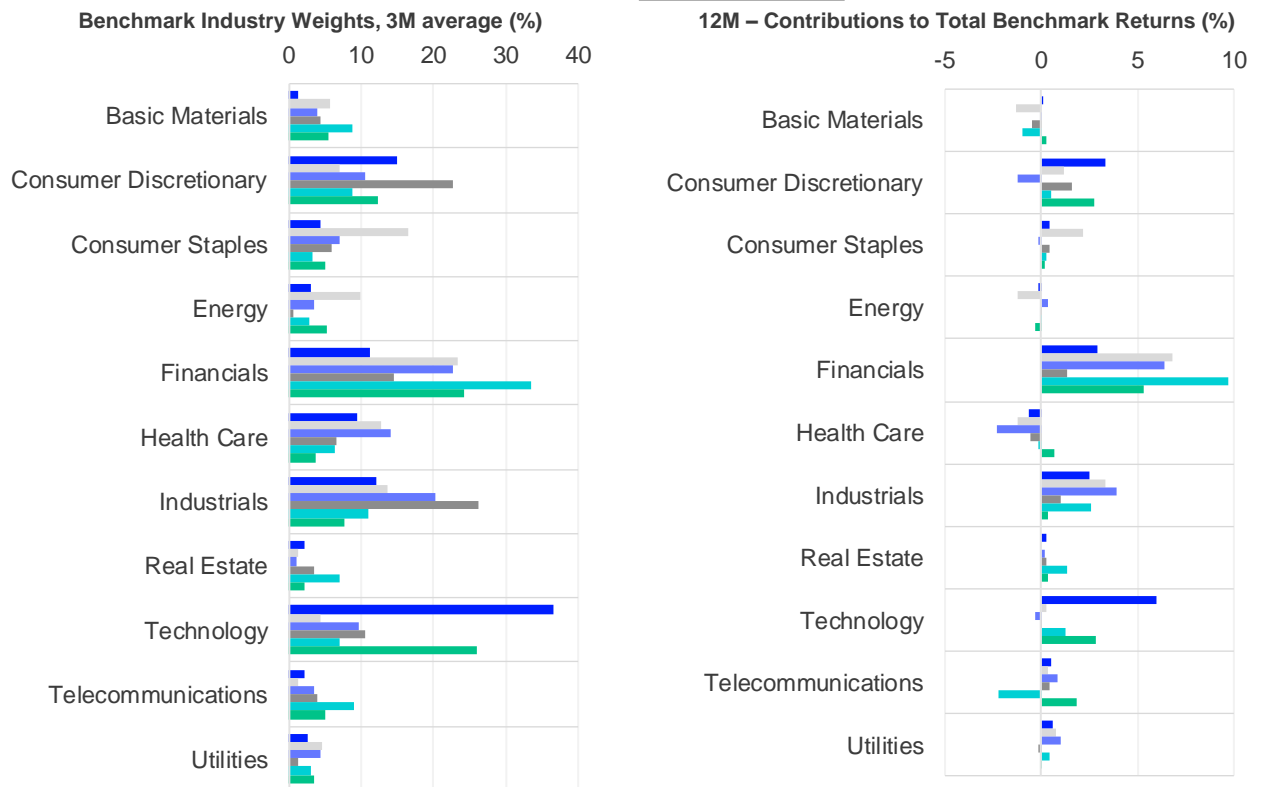
At the end of Q2, 12M factor relative returns showed greater divergence, particularly between the US and Europe. With the strong reversals in performance over 12M, US factor returns were comparatively flat with only Size outperforming. US equities were nevertheless driven by more expensive, low dividend paying stocks. By contrast, amongst European factors, Value, Size, Momentum and Yield outperformed, indicating cheaper, smaller and higher dividend payers were key drivers of performance in Europe over 12M.

Regional Relative Factor returns vs benchmark — 12M (TR, LC%)



Regional Equity Market Returns – 12M (TR, LC %) – US equities lead

US equities outperformed in LC terms, but several regional equities also posted double-digit returns. Cyclical sectors such as Financials, Industrials and Discretionary contributed strongly across regions amidst central bank easing cycles and resilient global growth. Tech also contributed in the US, UK, Emerging and Asia Pacific regions. Health Care was a drag on returns.



Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

# Global View – Factor rotation

Q2 2025 saw a reversal of several market narratives that emerged during Q1 and provided the backdrop for Momentum's outperformance over Q2 in 5 of 6 regions (Chart 1) and Value's flat or negative relative performance (Chart 2). Concerns around the economic and inflationary impact of US tariff policy moderated considerably in Q2 after realized inflation stayed benign and hard economic activity data remained resilient in the US. Breakeven inflation over the 1-3 year maturity had risen sharply in the US and Europe during Q1 only to decline back nearly to year-end levels at the end of Q2 (Chart 3). Similarly, high yield option-adjusted spreads rose sharply at the end of Q1 and in early-April before reverting to year-end levels by quarter-end (Chart 4) with the return of risk-on sentiment. Further, the AI-fueled tech rally that stalled during Q1 resumed in Q2 benefitting global tech and related industries. Still, market volatility was heightened as the US announced reciprocal tariffs on trading partners in early-April, only to put them on pause a week later after which volatility subsided and markets rebounded (Chart 5). And yield curves continued to steepen in major developed markets (Chart 6) and were supportive of Financials, which was a key industry influencing factor performance over the quarter. Q2's reversal in market sentiment and outlook was not quite a return to the era of US exceptionalism that had underscored US equity outperformance over 2024, but it marked renewed optimism for US and global equities amid sustained US policy uncertainty.



Chart 1: Momentum relative to benchmark (LC, rebased)

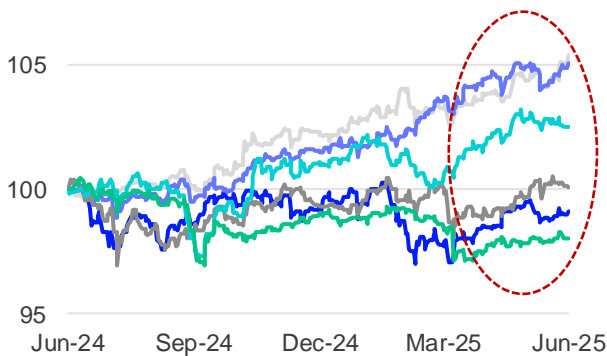


Chart 2: Value relative to benchmark (LC, rebased)

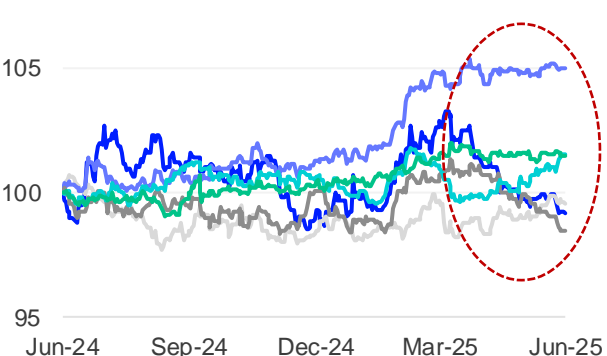


Chart 3: Breakeven inflation, 1-3 year maturity (%)

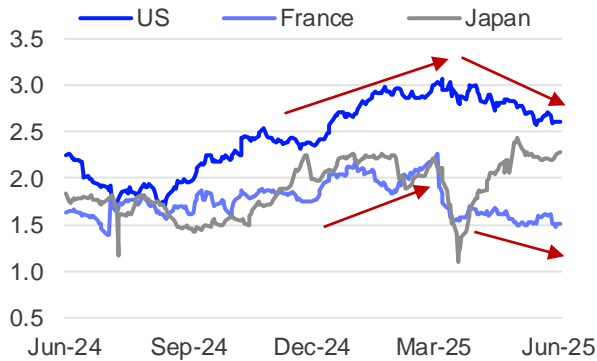


Chart 4: High yield option adjusted spreads (bps)

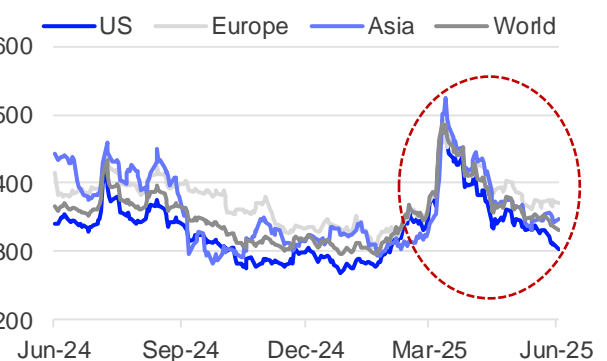


Chart 5: 1-month annualized volatility (LC, %)

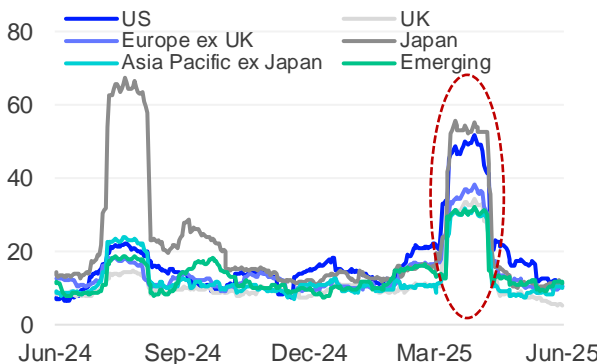
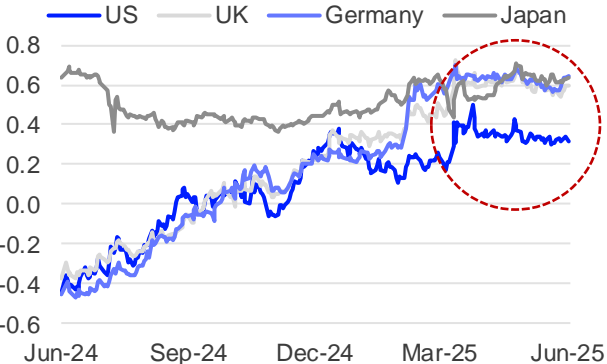


Chart 6: Government bond yield curve slope, 7-10 yr-1-3 yr (%)

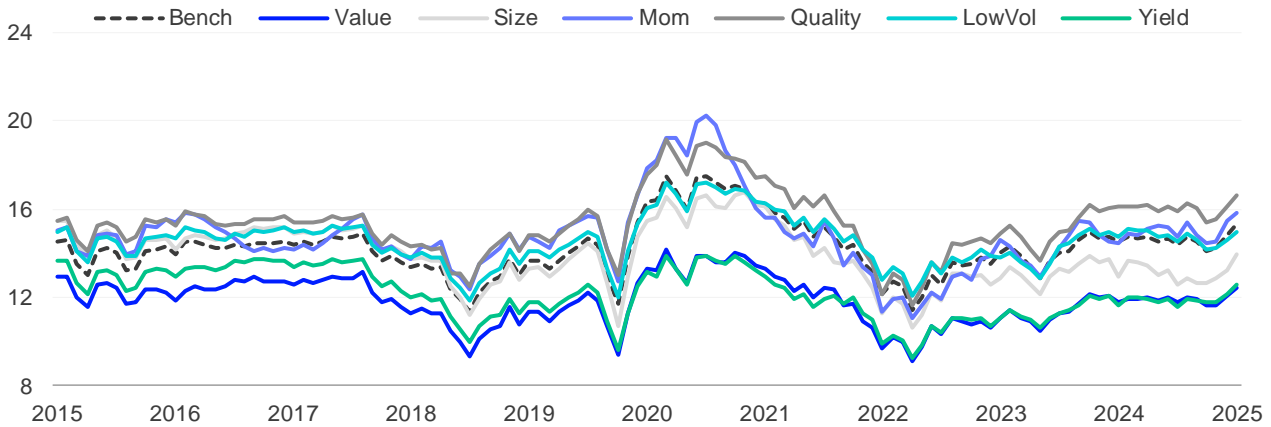


Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

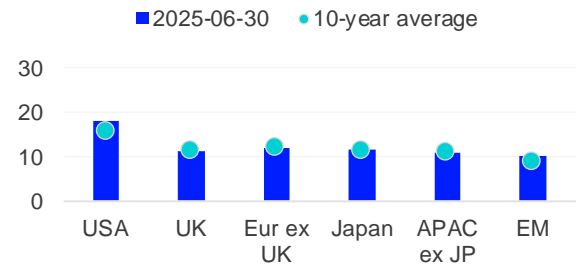
# Global View – Factor Valuations

Since end-2022, average factor forward P/Es have rerated. Most factors sustained higher valuations over 2024. They moderated during Q1 2025 as benchmark indices pulled back in a couple of regions but rerated during Q2 in the broad-based risk-on rally. At the end of Q2, all US and Emerging factors traded above their 10-year averages, while in Europe, besides Quality, all factors traded at a slight discount to historical averages.

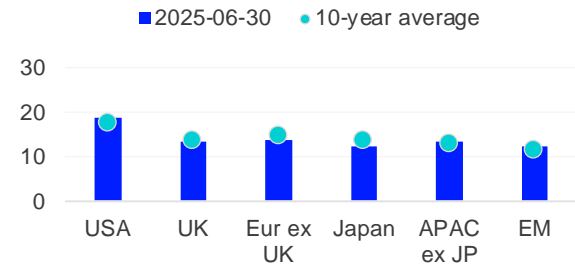
12-month forward factor P/E ratios, average of six regions



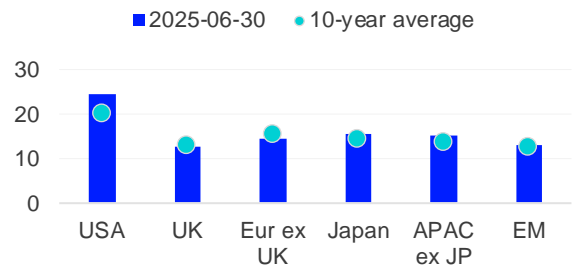
Value - 12M forward P/E



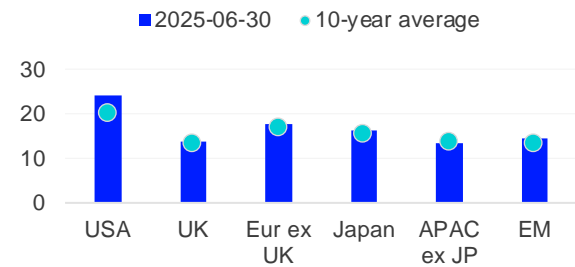
Size - 12M forward P/E



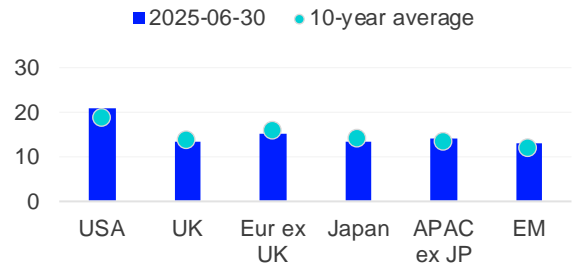
Momentum - 12M forward P/E



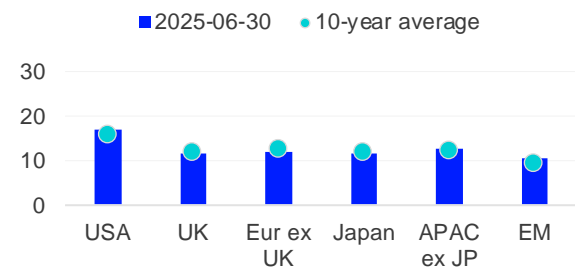
Quality - 12M forward P/E



Low Volatility - 12M forward P/E



Yield - 12M forward P/E



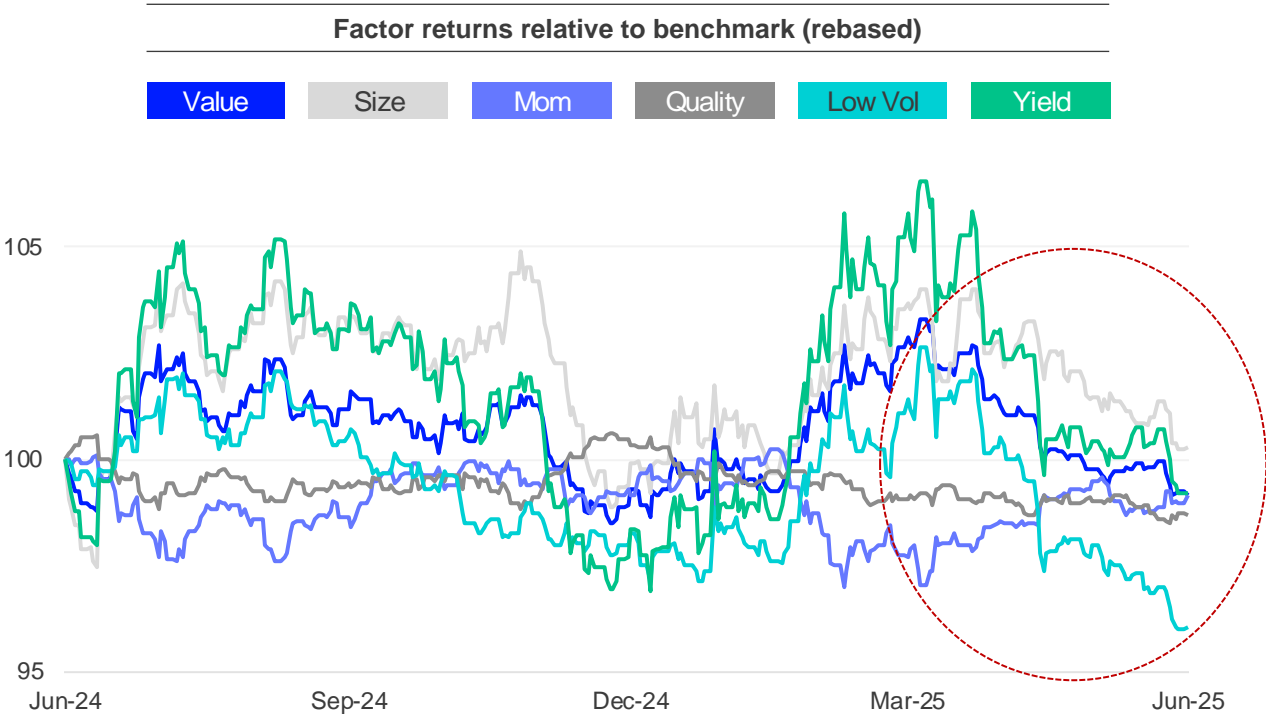
Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

# US Equity Factor Insights

SECOND QUARTER | 2025

## Key Observations

- In Q2, Momentum outperformed the benchmark in a reversal from the previous quarter helped by an overweight to Tech (which rallied once again) and underweight to Health Care (which was a drag on index returns.)
- All other US factors lagged the benchmark in Q2, including Value and Yield which had outperformed during Q1. Value and Yield underperformed partly due to negative allocation effects from Tech and Energy.
- Over 12M, Size was the sole US factor to beat the benchmark at the end of Q2.
- Absolute factor forward P/Es rerated during Q2 after troughing in April for most factors. US factor valuations remained above their long-term averages with the Quality-Value premium widening.
- In relative terms, Momentum and Quality traded above their 10-year average P/Es.



Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.



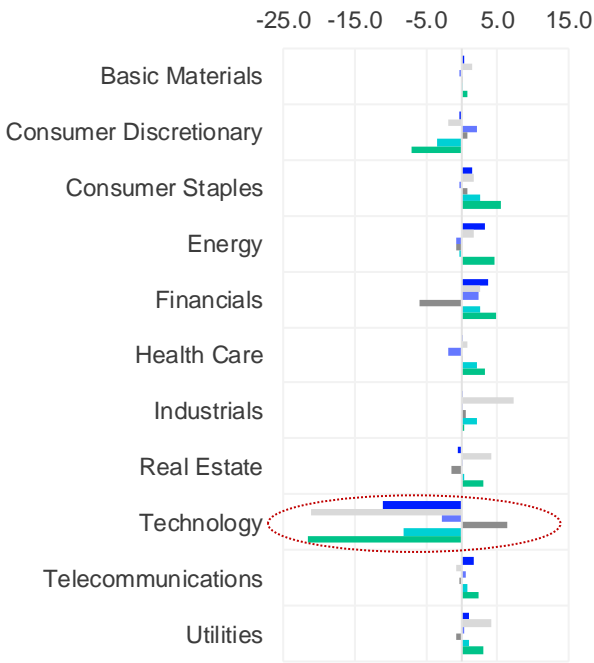
# US Factor Performance & Industry Attributions — 3M

## Momentum outperforms once again as Value and Yield lag steeply

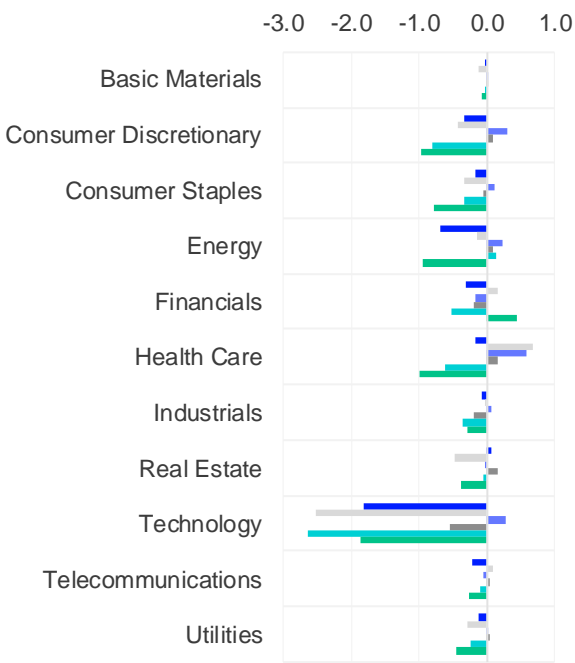
In Q2, Momentum was the sole factor to outperform the benchmark driven by positive selection within Discretionary and Tech, and positive allocation and selection from Health Care (which lagged). Most factors, except Quality, were underweight Tech which contributed significantly to index returns. Quality still had negative selection within Tech suggesting that exposure to the right Tech stocks mattered. Value and Yield lagged, in contrast to Q1.

2025 Q2	Relative to Benchmark (TR %)					
FTSE USA	Value	Size	Mom	Quality	Low Vol	Yield
11.4%	-4.0	-3.6	1.6	-0.4	-5.9	-6.9

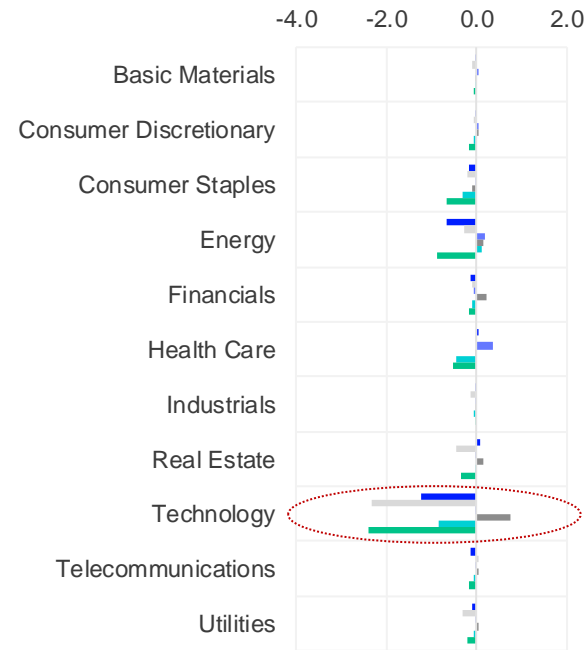
Industry active weights, 3M average



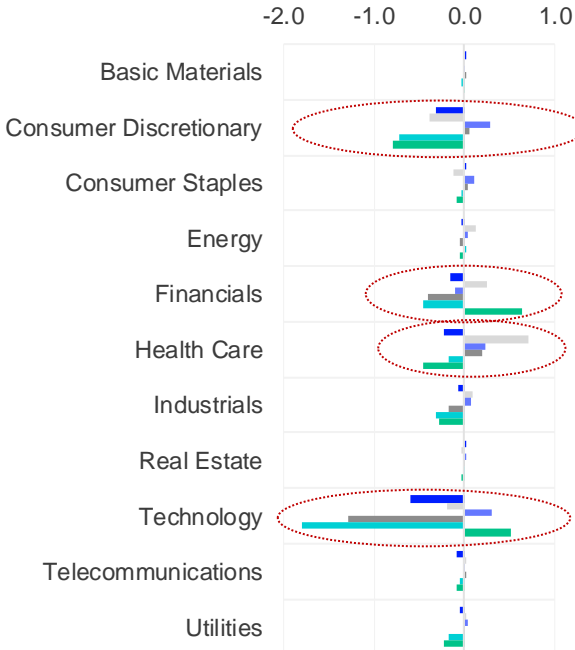
Total industry effects, 3M



Industry allocation effects, 3M



Stock selection within industry, 3M



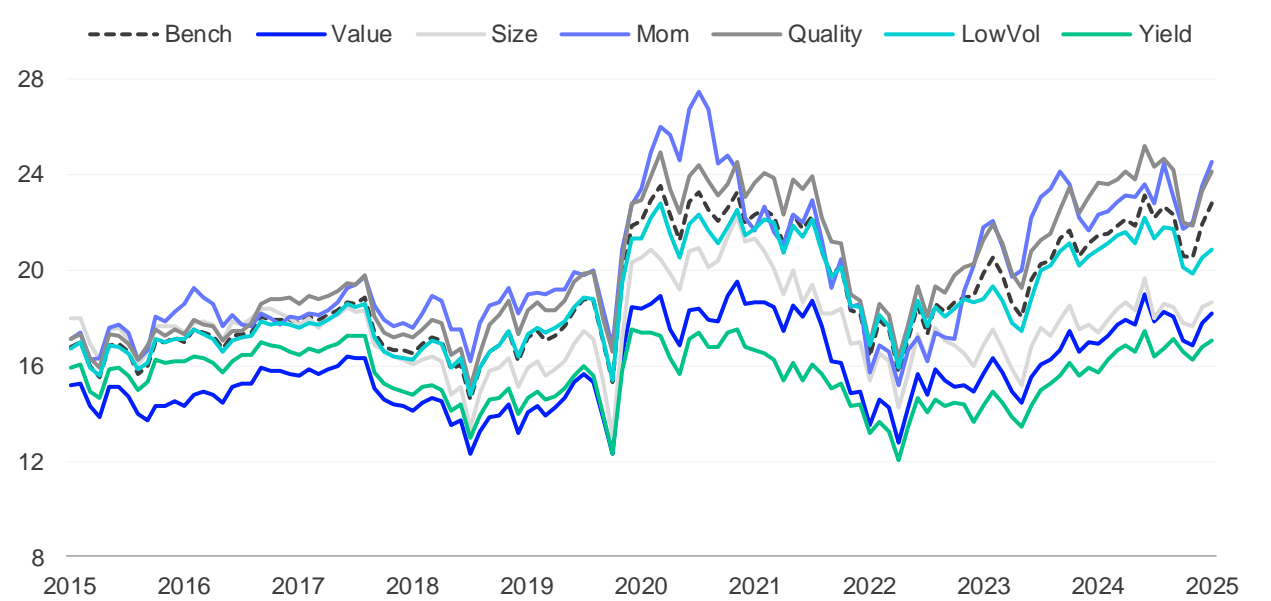
Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.  
FTSE Russell | Equity Factor Insights Q2 2025

# US Factor Valuations

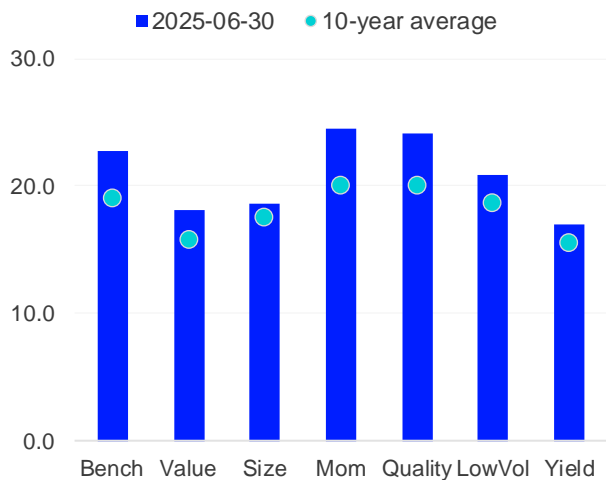
US factor forward P/E's have re-rated sharply since the end of 2022. They fell during Q1 2025, starting in February as the US tech rally stalled and troughed in April as equities pulled back sharply on the announcement of high reciprocal tariffs on US trading partners. They have since rerated as those tariffs were put on pause and US markets rebounded to make up earlier losses. All US factors continued to trade above their 10-year average valuation in absolute terms at quarter-end.

Quality and Momentum remained expensive in absolute and relative terms. Quality's premium over Value widened over the quarter to 33% from 29% at the end of Q1. In relative terms, Value, Size, Low Vol and Yield were cheaper compared to long-term averages.

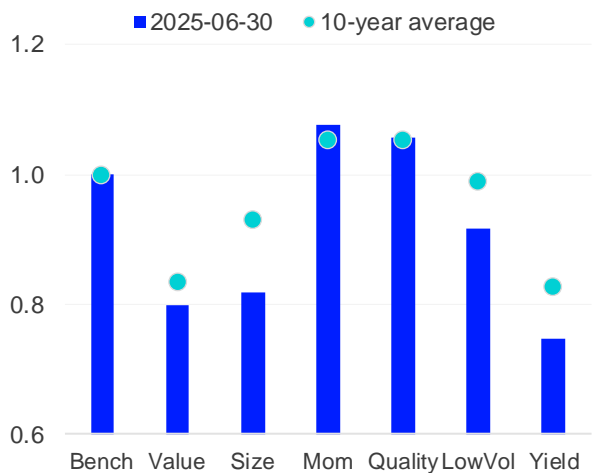
FTSE USA – Absolute 12M forward P/E's



Current Absolute 12M forward P/E vs history



Current Relative 12M forward P/E vs history



Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.



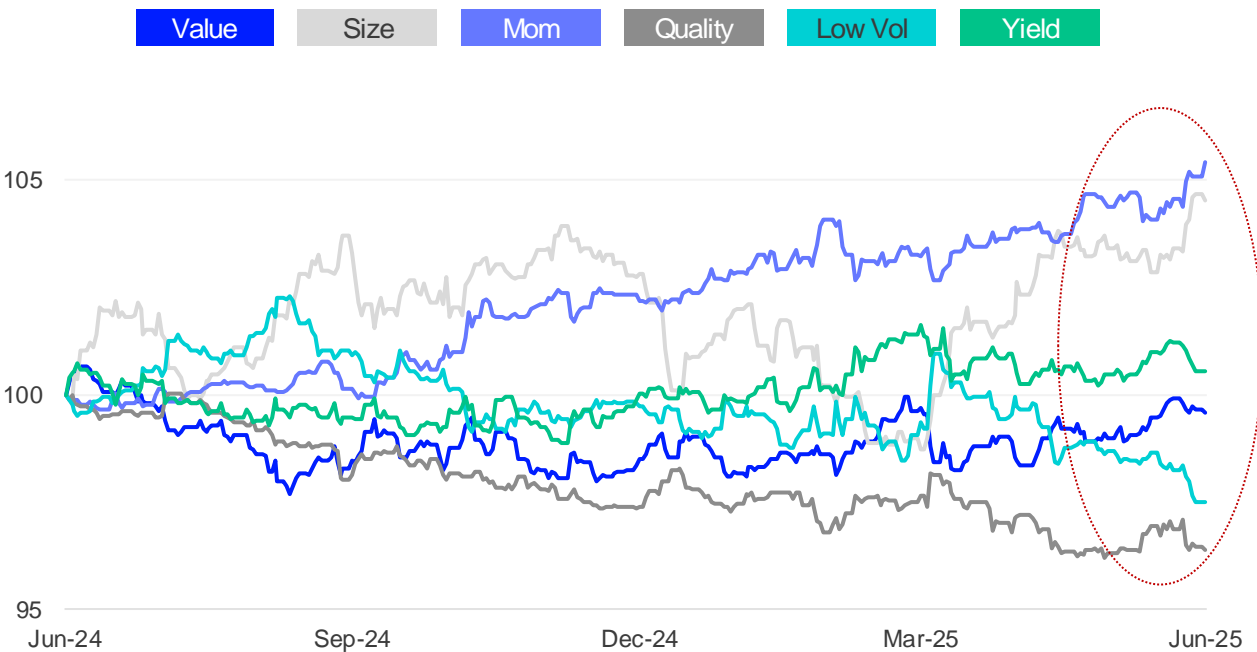
# UK Equity Factor Insights

SECOND QUARTER | 2025

## Key Observations

- In Q2, Size outperformed the UK benchmark strongly helped by an overweight to outperforming cyclicals such as Discretionary and Industrials. Momentum was the only other factor to beat the index.
- Net exposures to Energy and Health Care, which lagged the index over the quarter, and Industrials which outperformed, played a big role in Q2's factor performance.
- Over 12M, Momentum and Size led the index substantially, while Yield was also ahead. Quality lagged the most.
- Absolute factor forward P/Es rerated over Q2, including for Size and Momentum that had dipped sharply in March.
- Quality, Low Vol and Size were expensive relative to the UK benchmark.

Factor returns relative to benchmark (rebased)



Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

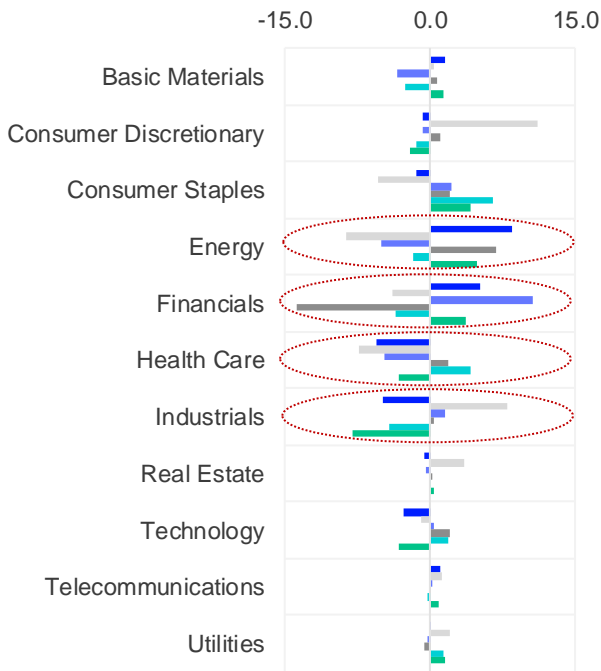
# UK Factor Performance & Industry Attribution — 3M

## Size leads in Q2

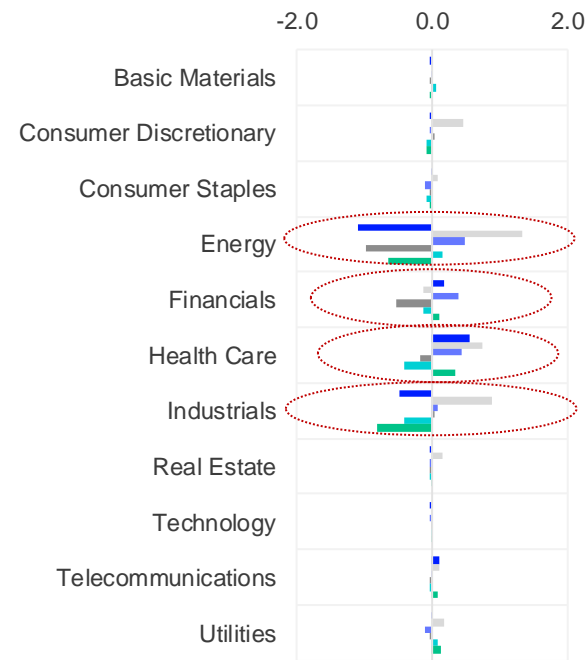
In Q2, Size outperformed substantially in a reversal from Q1. Momentum was the only other UK factor to beat the index. Size benefitted from an overweight to cyclicals such as Discretionary and Industrials which rallied, and an underweight to Energy and Health Care which posted steep losses. It also had positive selection effects within Discretionary and Financials, among others. Momentum had positive allocation effects from Energy, Financials and Health Care.

2025 Q2	Relative to Benchmark (TR %)					
FTSE UK	Value	Size	Mom	Quality	Low Vol	Yield
2.9%	-0.1	6.0	2.2	-1.4	-1.9	-1.1

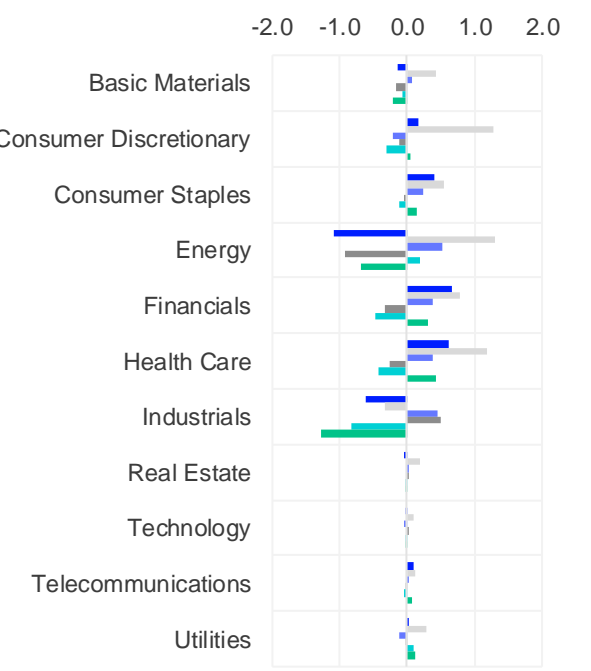
Industry active weights, 3M average



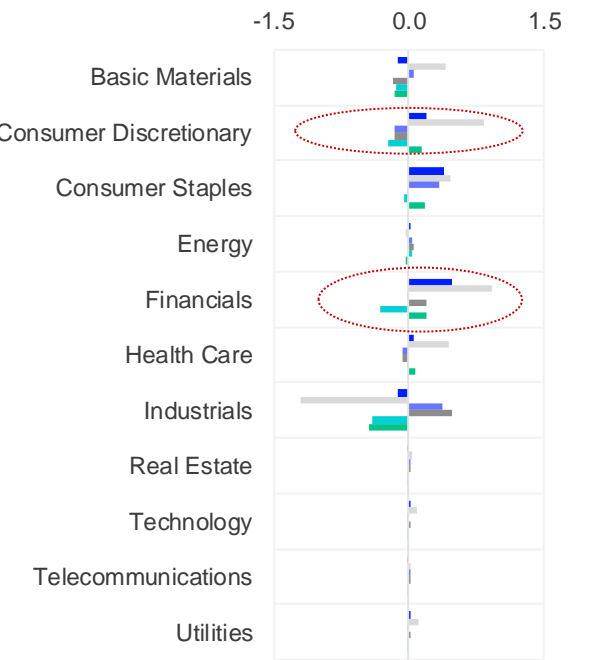
Industry allocation effects, 3M



Total industry effects, 3M



Stock selection within industry, 3M



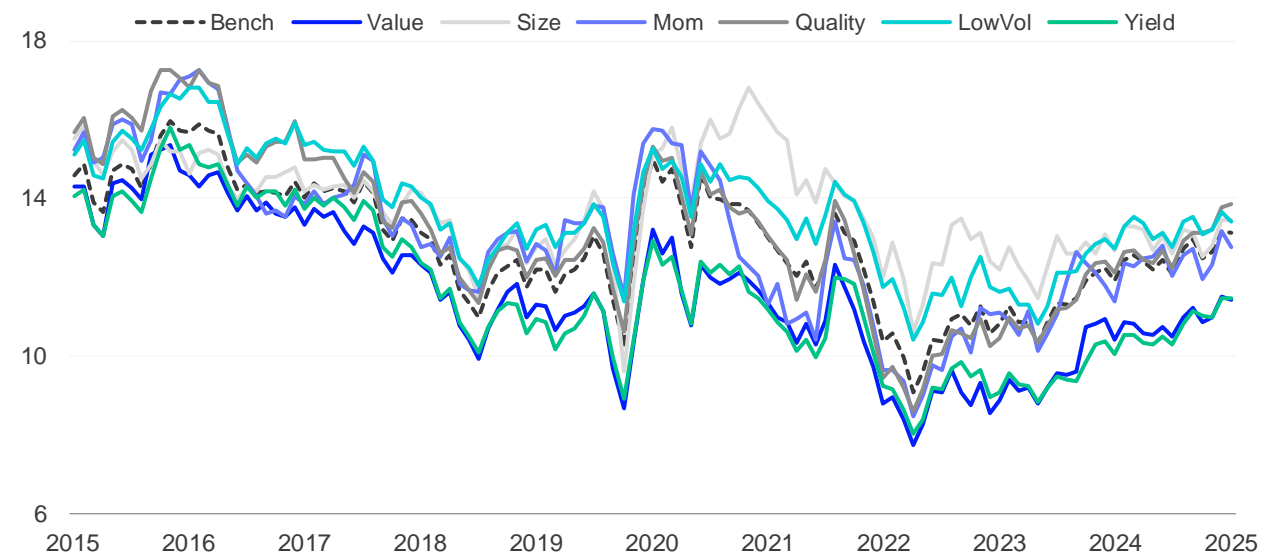
Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.  
FTSE Russell | Equity Factor Insights Q2 2025

# UK Factor Valuations

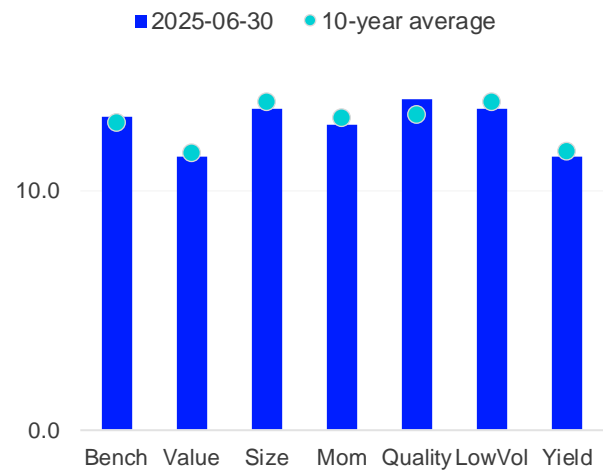
UK factor forward P/E's have re-rated since end-2022. During Q1, all factors derated toward quarter-end but factor valuations mostly expanded over Q2 as equities rallied. While Quality remained expensive relative to history as did the UK benchmark, most other UK factors traded at a slight discount to their 10-year average P/E in absolute terms at the end of Q2.

In general, investors tend to pay a premium for Quality and Low Vol. In relative terms, these factors were expensive at the end of the quarter compared to the UK benchmark but so was Size.

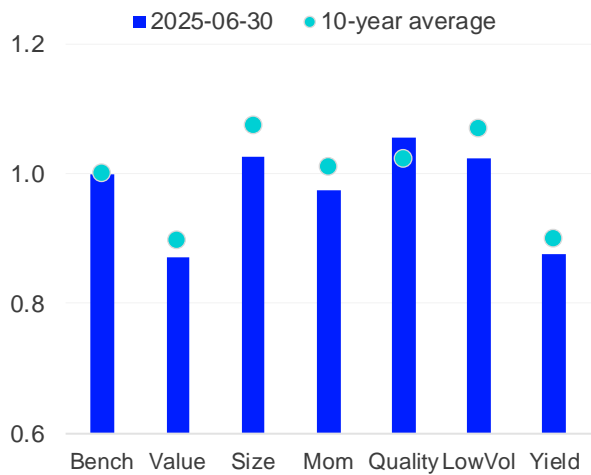
FTSE UK – Absolute 12M forward P/E's



Current Absolute 12M forward P/E's vs history



Current Relative 12M forward P/E's vs history

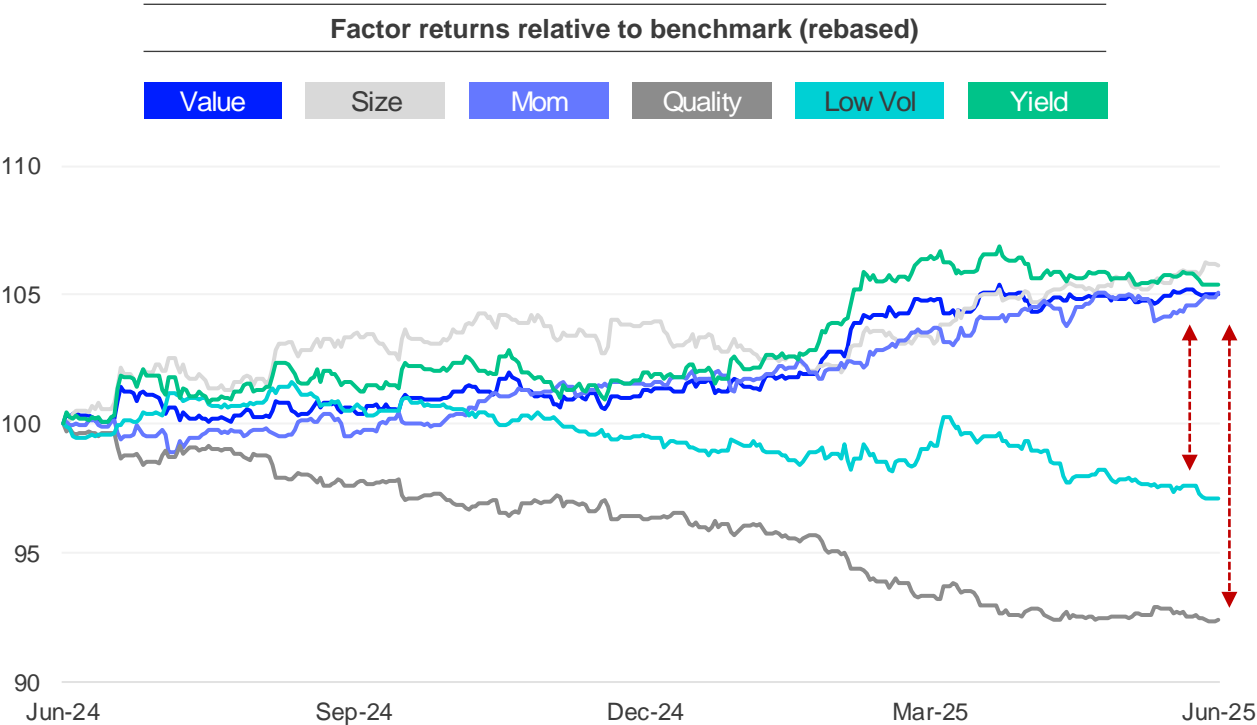


# Europe ex UK Equity Factor Insights

SECOND QUARTER | 2025

## Key Observations

- In Q2, Size, Momentum and Value outperformed the benchmark, while Low Vol, Yield and Quality lagged.
- An underweight to Health Care which lagged the index in Q2 was key. And an overweight to cyclicals such as Financials, Industrials and Tech that rallied over the quarter helped factor relative performance.
- Over 12M, Quality continued to lag the Europe equity index, having steadily diverged from other factors since Q3 2024. Low Vol was also behind the benchmark at the end of Q2. All other factors outperformed with little differentiation over 12 months.
- Absolute factor forward P/Es continued to rerate in Q2 but remained below their 10-year averages for all except Quality.
- In relative terms, Quality remained expensive and traded above its historical average relative P/E, despite underperforming the index over 12M.



Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

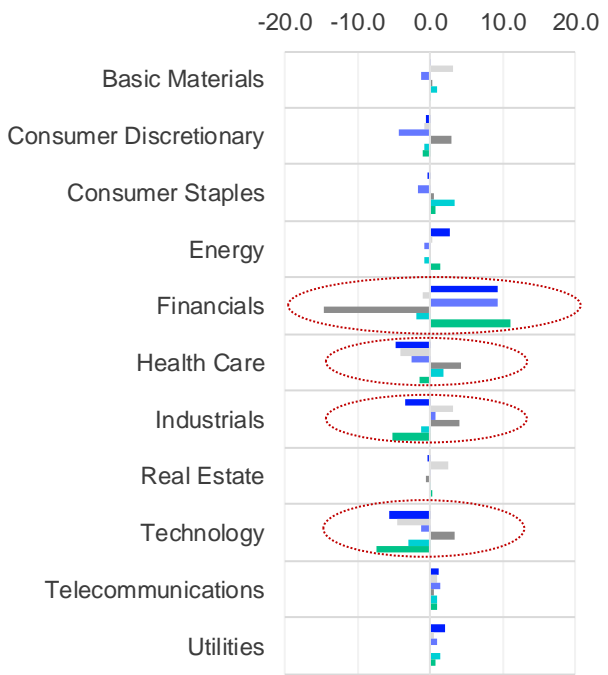
# Europe ex UK Factor Performance & Industry Attribution — 3M

## Size outperforms in Q1 reversal; Momentum and Value maintain their edge

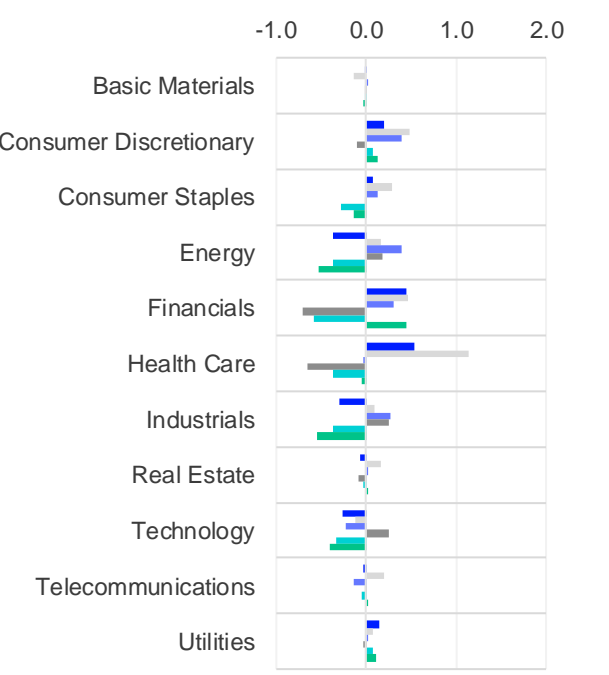
In Q2, Size outperformed with positive selection within several industries, notably Health Care, Financials and Discretionary, suggesting smaller stocks advanced strongly over the quarter. Value, Size and Momentum also benefitted from an underweight to Health Care which lagged the index. Similarly, an overweight to Financials, Industrials and Tech helped factor relative performance with positive allocation effects.

2025 Q2	Relative to Benchmark (TR %)					
FTSE Dev Europe ex UK	Value	Size	Mom	Quality	Low Vol	Yield
3.5%	0.2	2.8	1.4	-1.0	-2.3	-1.1

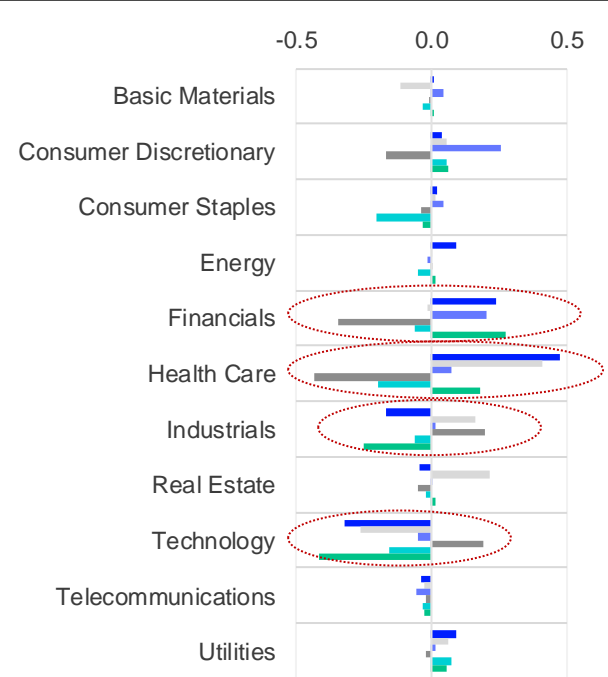
Industry active weights, 3M average



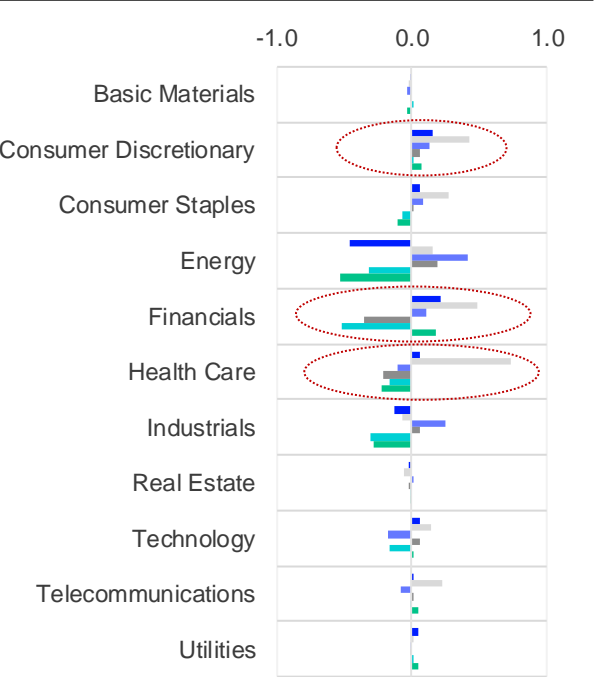
Total industry effects, 3M



Industry allocation effects, 3M



Stock selection within industry, 3M

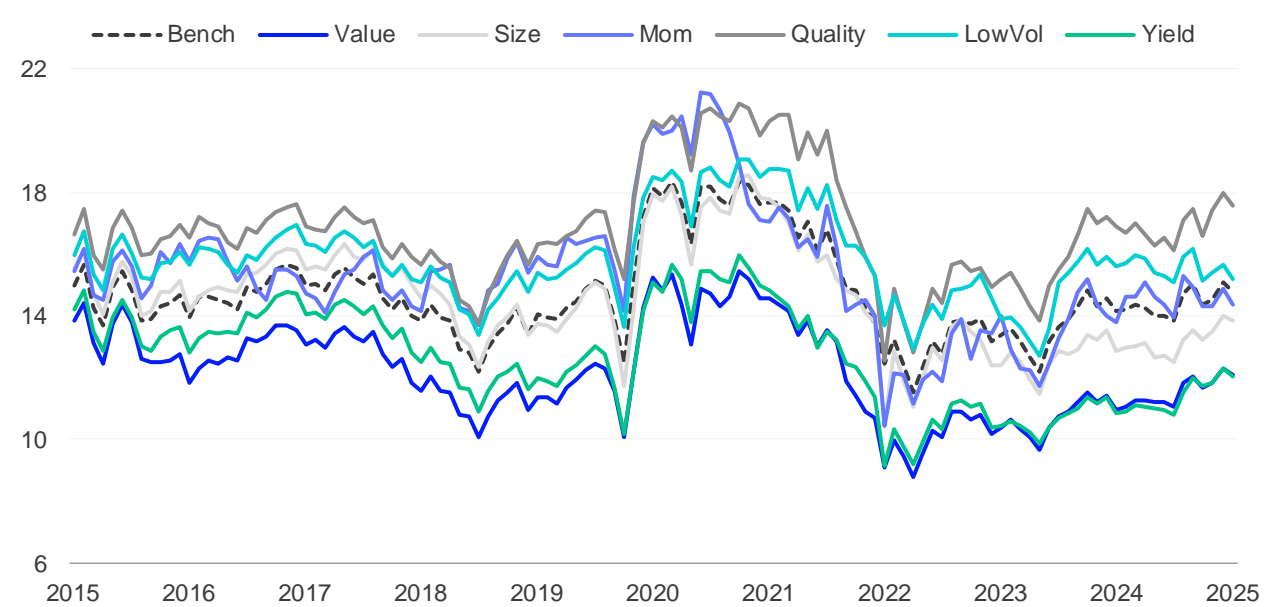


# Europe ex UK Factor Valuations

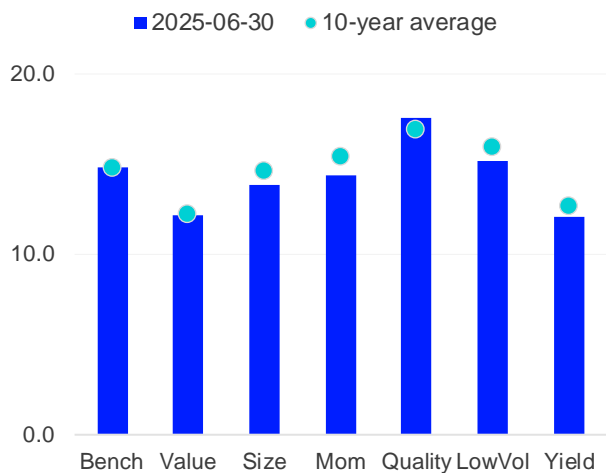
In Q2, absolute factor forward P/E's expanded as they did the previous quarter, but they moderated slightly in June. At quarter-end, Quality traded above its 10-year average while other European factors traded slightly below. Quality's premium over Value increased over the quarter to 45%.

In relative terms, all factors except Quality traded below their 10-year average P/E's at quarter-end, during a quarter when the benchmark rerated.

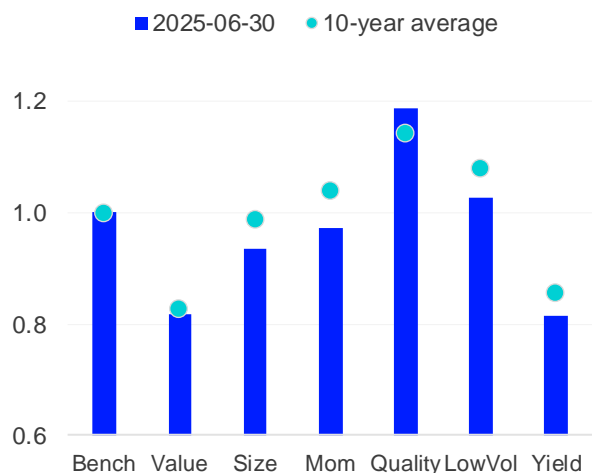
FTSE Europe ex UK – Absolute 12M forward P/E's



Current Absolute 12M forward P/E's vs history



Current Relative 12M forward P/E's vs history



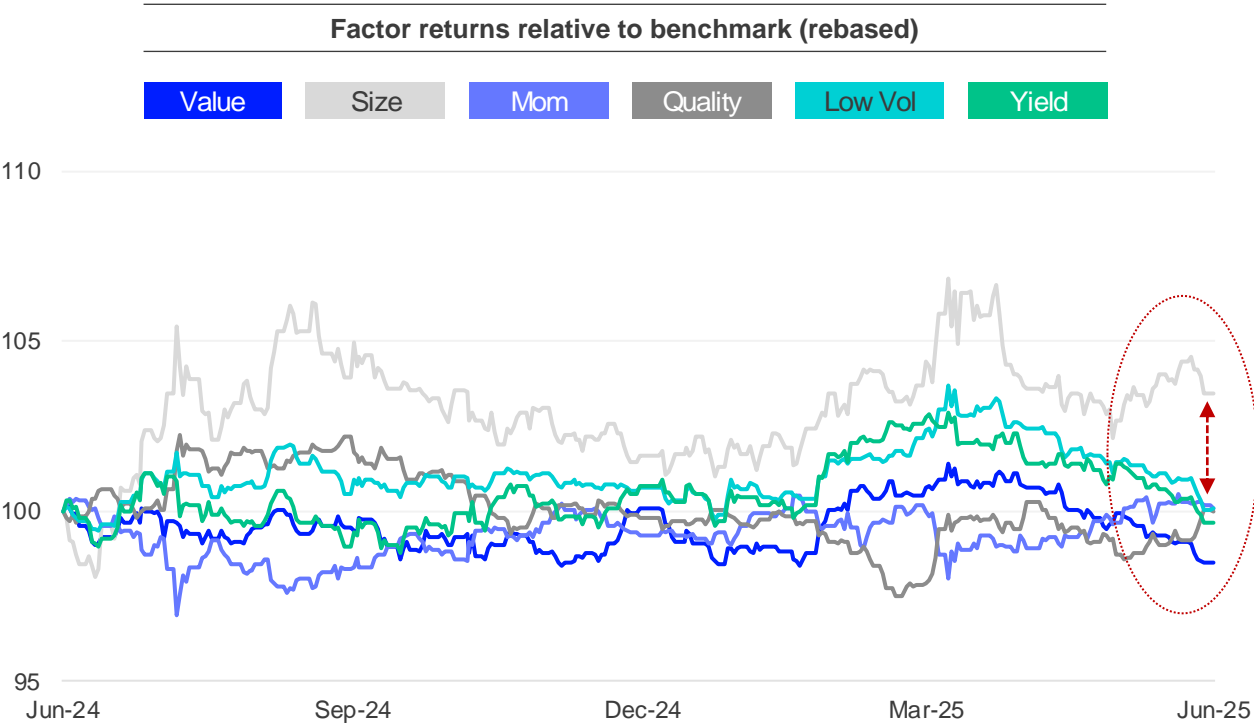


# Japan Equity Factor Insights

SECOND QUARTER | 2025

## Key Observations

- In Q2, Quality outperformed and led factor relative returns. Momentum held a slight lead over the index while other factors lagged.
- In contrast to Q1 when Financials was the largest contributor to index returns, in Q2, Financials lagged the benchmark and relative exposure to the industry greatly influenced factor performance. Similarly, exposure to Tech which outperformed was key.
- Over 12M, Size strongly outperformed the benchmark, while Value lagged slightly. Other factors were more or less on par with the index.
- In Q2, absolute factor forward P/Es expanded, and quite sharply toward quarter-end as the benchmark swung from losses in Q1 to gains in Q2.
- In relative terms, Quality and Momentum remained expensive compared to the benchmark and their historical average factor forward P/Es.



Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

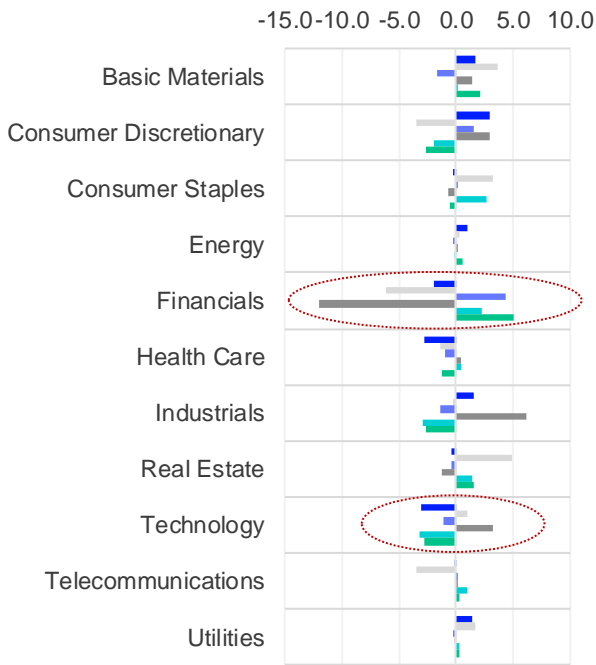
# Japan Factor Performance & Industry Attribution — 3M

## Quality outperforms in reversal from Q1

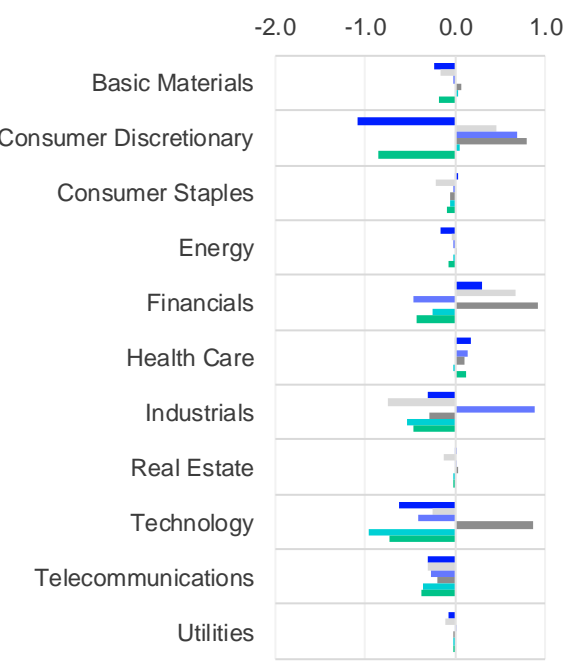
In Q2, Quality outperformed the benchmark, and Momentum just held a lead, while all other factors lagged. Financials, Discretionary and Tech were important to factor relative performance. Financials lagged the benchmark over Q2 and an underweight to the industry led to positive allocation effects, as did an overweight to Tech which contributed notably. Most factors saw substantial positive and negative selection effects within Discretionary.

2025 Q2	Relative to Bechmark (TR %)					
FTSE Japan	Value	Size	Mom	Quality	Low Vol	Yield
7.6%	-2.4	-1.0	0.1	2.3	-2.4	-3.3

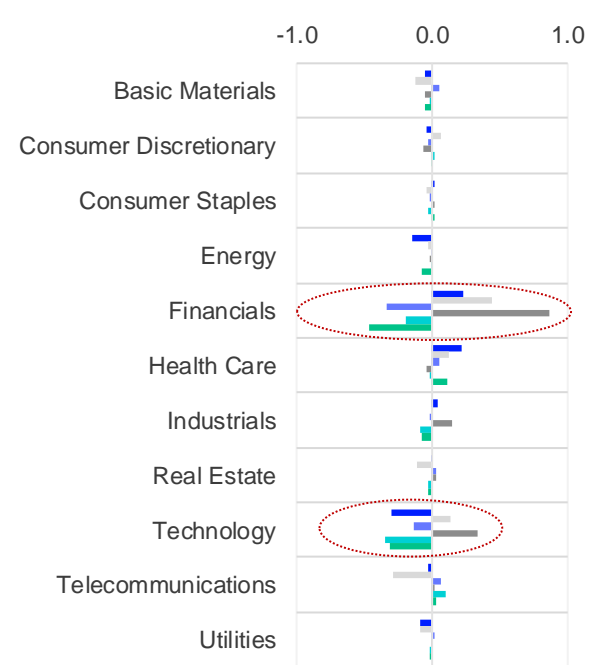
Industry active weights, 3M average



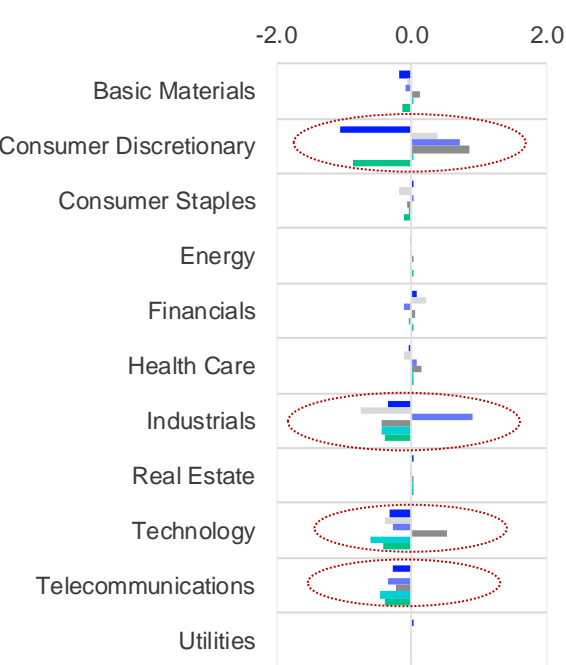
Total industry effects, 3M



Industry allocation effects, 3M



Stock selection within industry, 3M



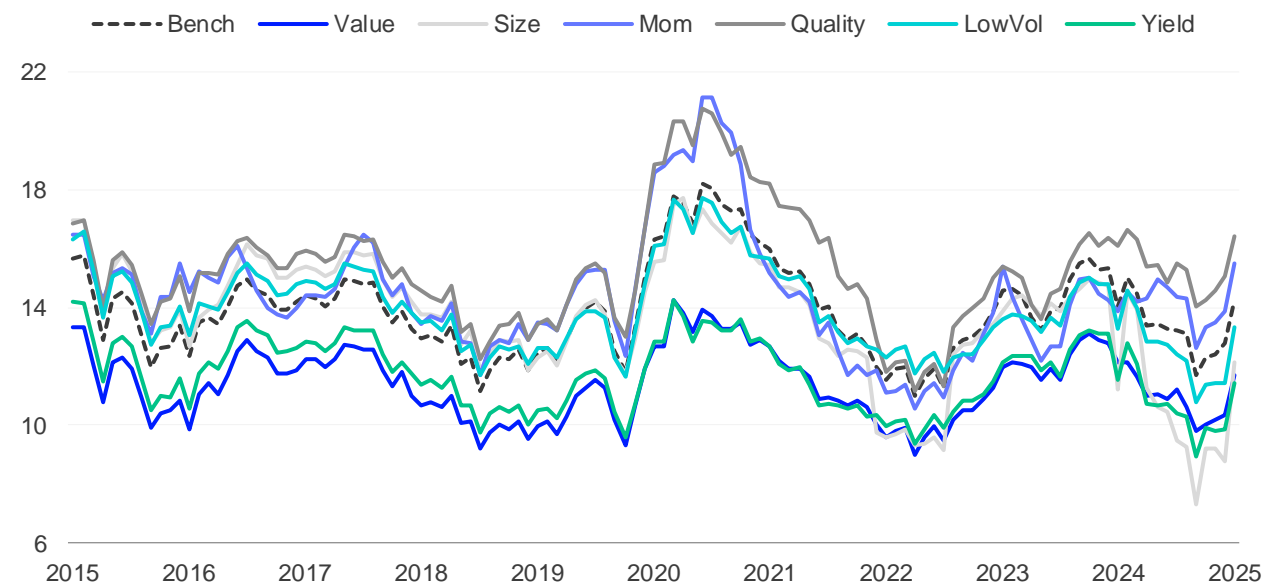
Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.  
FTSE Russell | Equity Factor Insights Q2 2025

# Japan Factor Valuations

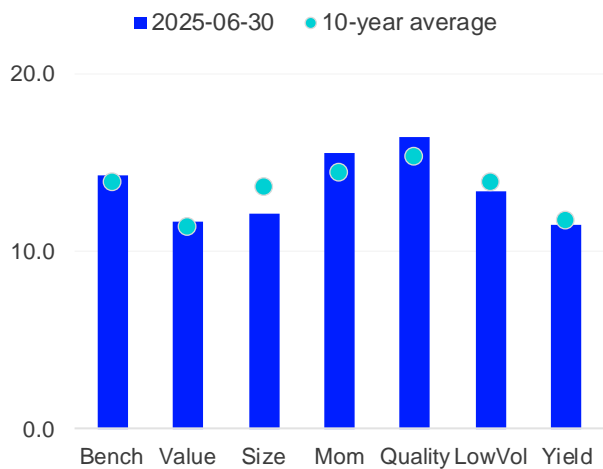
Absolute factor forward P/Es in Japan troughed in February but have expanded since and quite sharply toward the end of Q2 as the benchmark posted gains over the quarter. In absolute terms, Momentum, Quality and Value (to a lesser extent) traded above historical averages at quarter-end.

In relative terms, Quality and Momentum remained expensive compared to their historical averages and relative to the benchmark. Size traded at the largest discount to the 10-year average relative P/E despite outperforming the benchmark substantially over 12M.

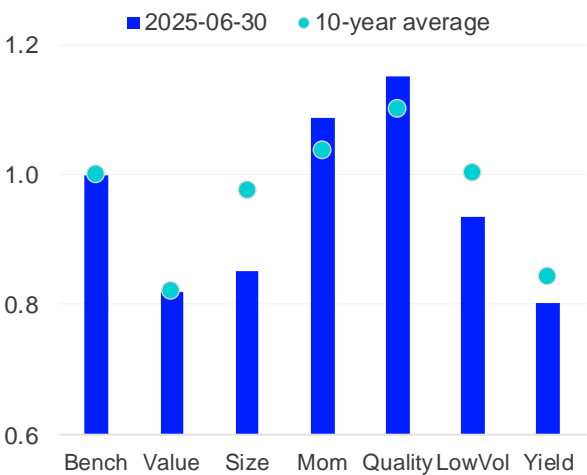
FTSE Japan – Absolute 12M forward P/Es



Current Absolute 12M P/Es vs history



Current Relative 12M P/Es vs history



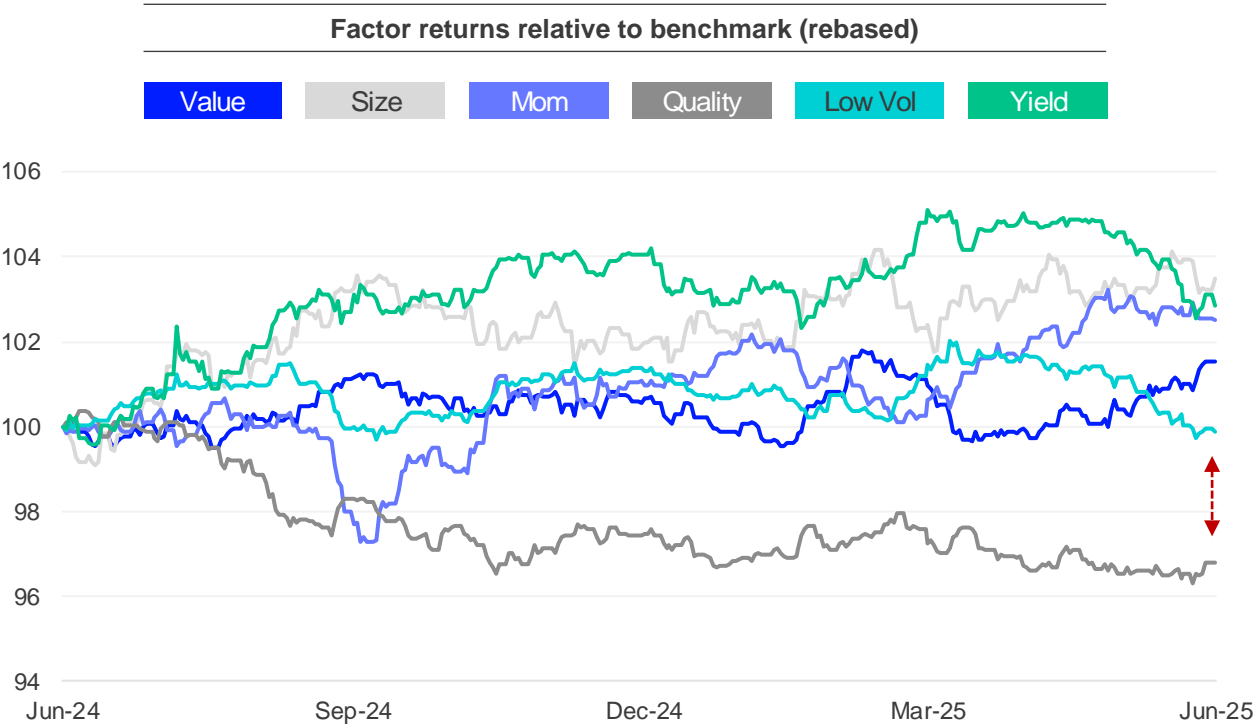
Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

# Asia Pacific ex Japan Equity Factor Insights

SECOND QUARTER | 2025

## Key Observations

- In Q2, Momentum led factor relative returns, while Yield lagged the most in a reversal from Q1.
- An overweight to Financials and Tech, which contributed notably to index returns over the quarter, generally helped factor relative returns.
- Over 12M, most factors outperformed the index while Quality continued to lag badly.
- Absolute factor forward P/Es expanded over Q2. Size, Momentum, Low Vol and Yield became expensive relative to their historical average forward P/Es.
- In relative terms, Momentum and Low Vol remained expensive compared to the benchmark and historical averages.



Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

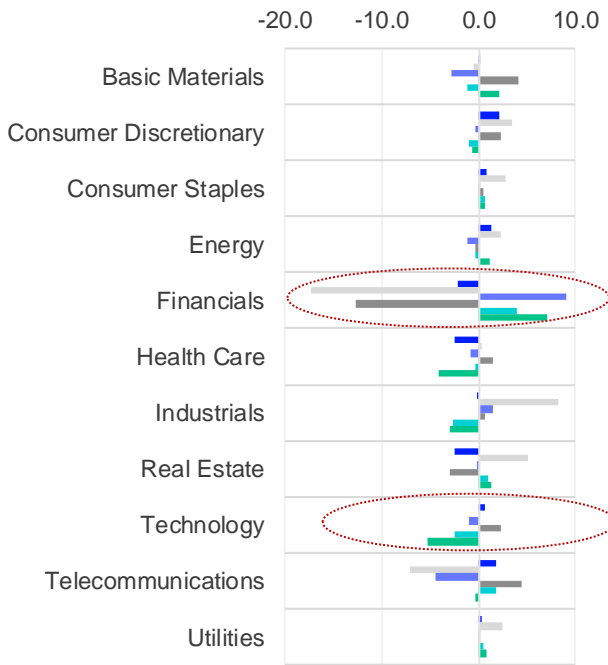
# Asia Pac ex Japan Factor Performance & Industry Attribution — 3M

## Momentum and Yield reverse Q1 performance

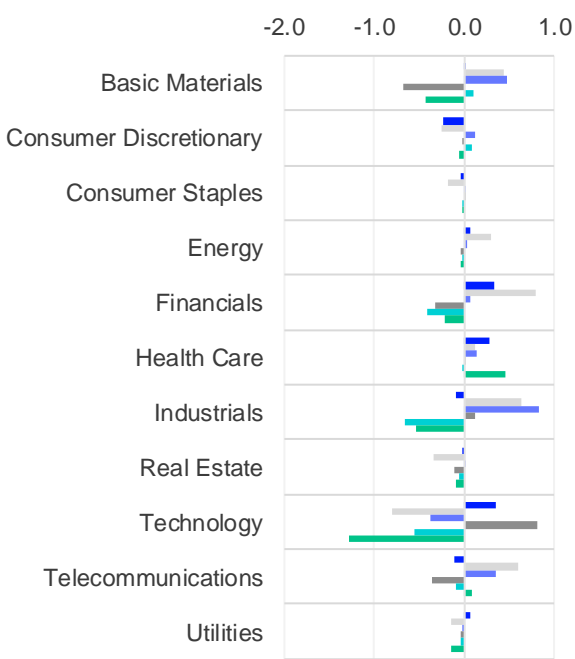
In Q2, Momentum, Size and Value outperformed, while Quality, Low Vol and Yield lagged the Asia Pacific index. Cyclical and Telecoms drove most factor performance. Momentum had positive allocation from Basic Materials, Financials and Telecoms, as well as strong positive selection within Industrials. Size benefitted from an Industrials overweight, a Telecoms underweight and strong positive selection within Financials.

2025 Q2	Relative to Benchmark (TR%)					
FTSE Dev Asia Pacific ex JP	Value	Size	Mom	Quality	Low Vol	Yield
12.5%	0.6	1.2	2.1	-0.5	-1.8	-2.4

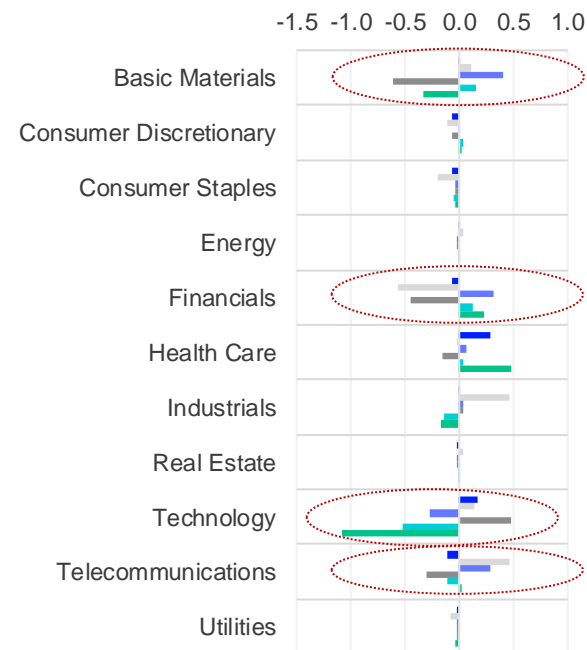
Industry active weights, 3M average



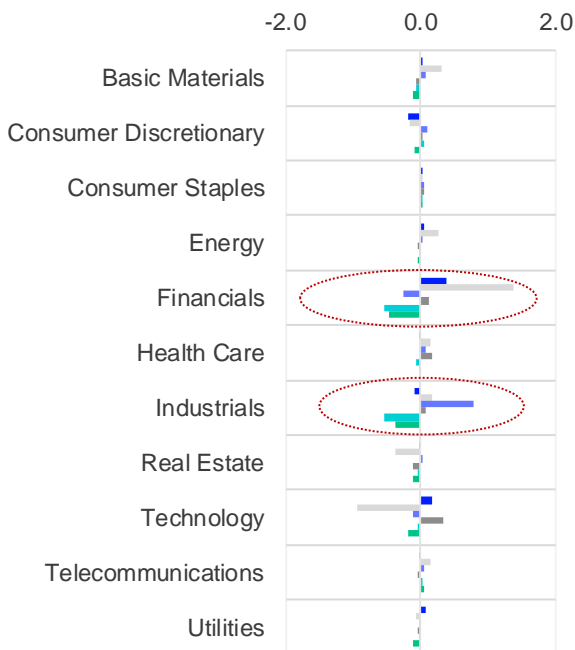
Total industry effects, 3M



Industry allocation effects, 3M



Stock selection within industry, 3M

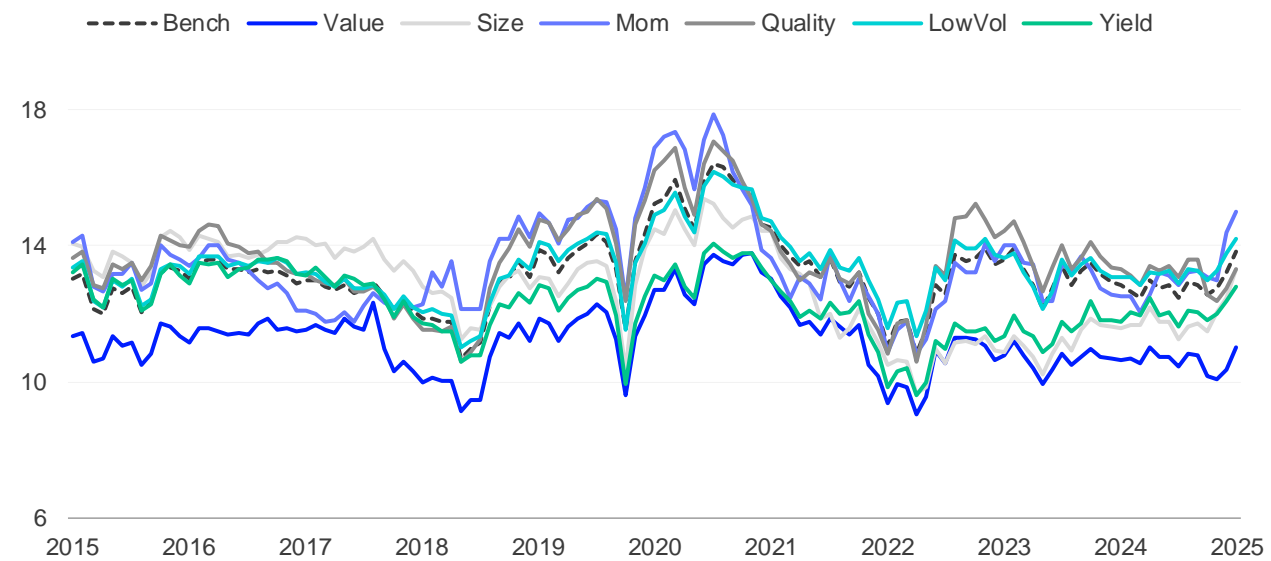


Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.  
FTSE Russell | Equity Factor Insights Q2 2025

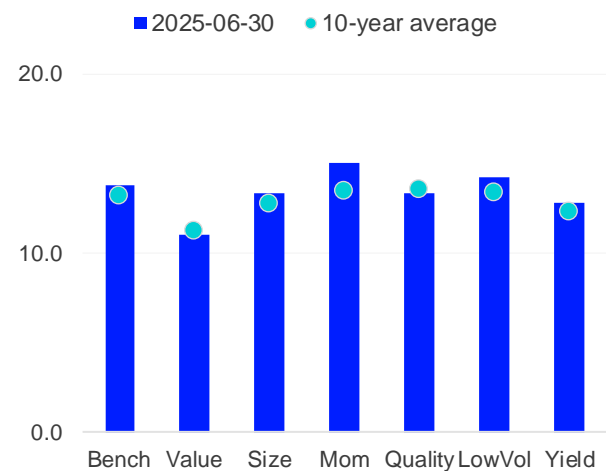
## Asia Pacific ex Japan Factor Valuations

In Q2, all absolute Asia Pacific ex Japan factor forward P/Es expanded as the benchmark posted double-digit returns. While valuations for Size, Momentum, Low Vol and Yield were above historical averages, Value and Quality traded lower at quarter-end. The Quality/Value premium narrowed to 21% in line with its historical average. In relative terms, Momentum and Low Vol remained expensive relative to the benchmark and their historical average relative forward P/Es.

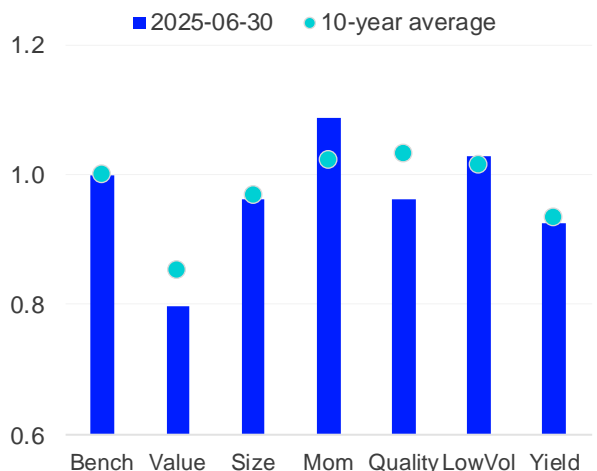
FTSE Asia Pacific ex Japan – Absolute 12M forward P/Es



Current Absolute 12M forward P/Es vs history



Current Relative 12M forward P/Es vs history



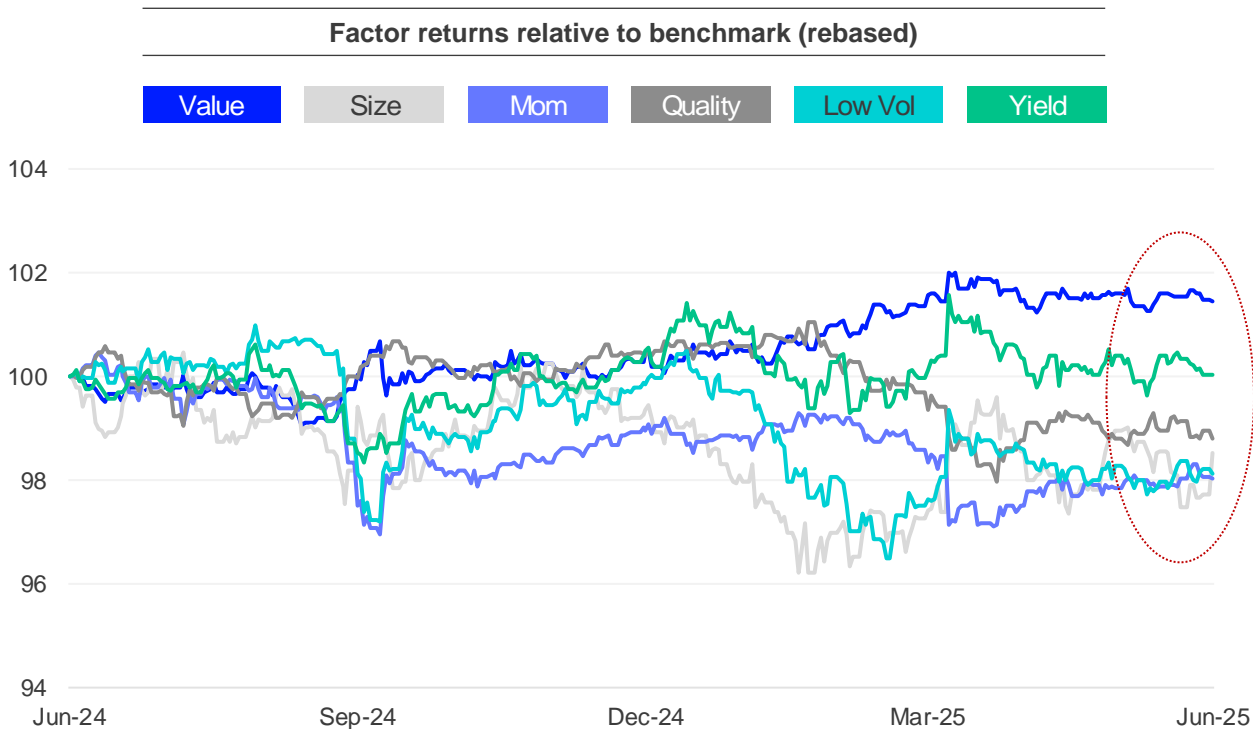


# Emerging Markets Equity Factor Insights

SECOND QUARTER | 2025

## Key Observations

- In Q2, Size and Low Vol outperformed, while other Emerging factors lagged the benchmark slightly. Size and Low Vol had lagged the most during the previous quarter indicating a reversal in performance trends.
- Financials, Tech and Discretionary continued to drive factor relative returns. Several factors, including Size, saw positive selection within these industries.
- Over 12M, Value still outperformed the benchmark by the largest margin, while Yield was on par. Size lagged by less after Q2's outperformance.
- Absolute factor forward P/Es expanded broadly during Q2. All factors remained expensive relative to history.
- In relative terms, Value and Yield traded slightly above long-term average P/Es.



Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

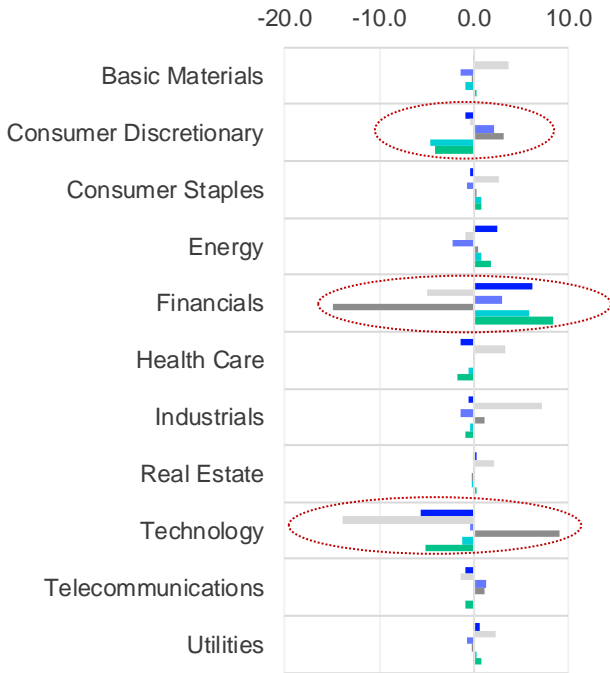
# Emerging Markets Factor Performance & Industry Attribution — 3M

## Size and Low Vol outperform

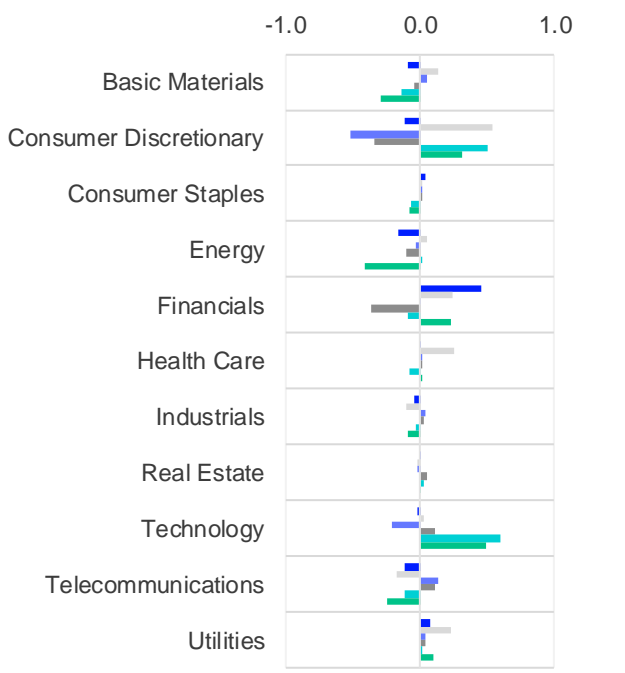
In Q2, Size and Low Vol beat the index amid muted factor relative returns. Financials and Tech contributed notably to index returns and an overweight to these industries led to positive allocation effects. An underweight to Discretionary, which lagged the index, also helped. However, Size was primarily driven by strong selection within Discretionary and Financials, among others. Interestingly, Low Vol and Yield saw strong selection within Tech.

2025 Q2	Relative to Benchmark (TR %)					
FTSE Emerging	Value	Size	Mom	Quality	Low Vol	Yield
6.7%	-0.1	1.2	-0.3	-0.6	0.5	-0.1

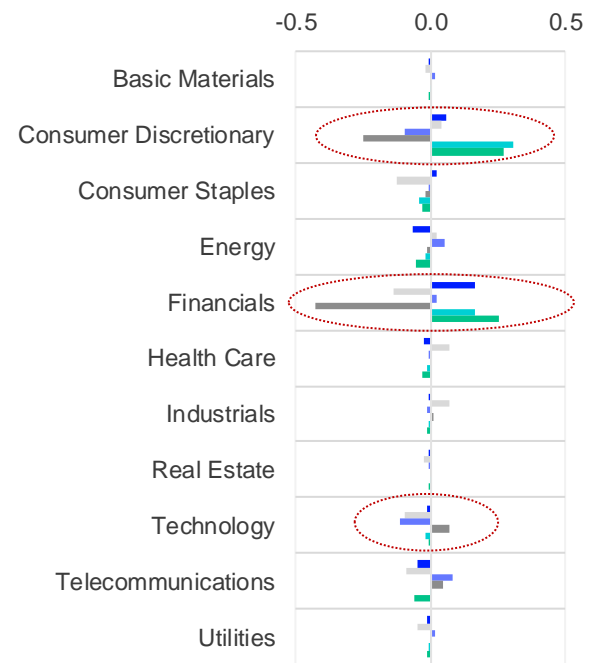
Industry active weights, 3M average



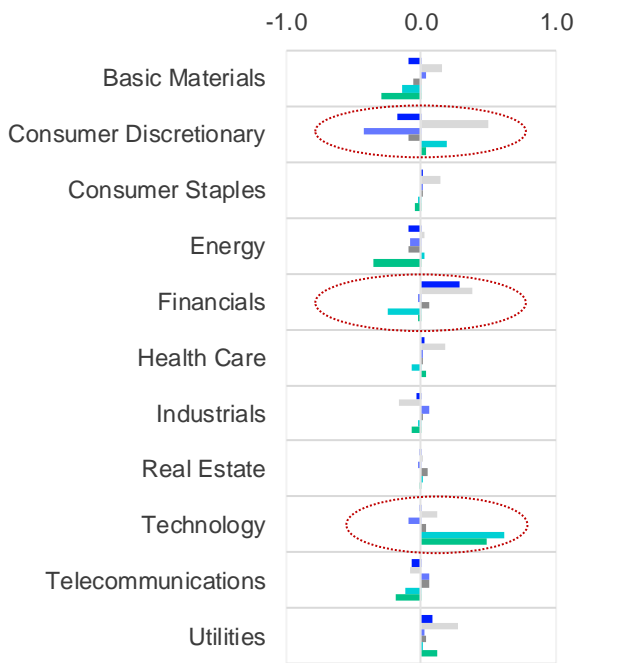
Total industry effects, 3M



Industry allocation effects, 3M



Stock selection within industry, 3M



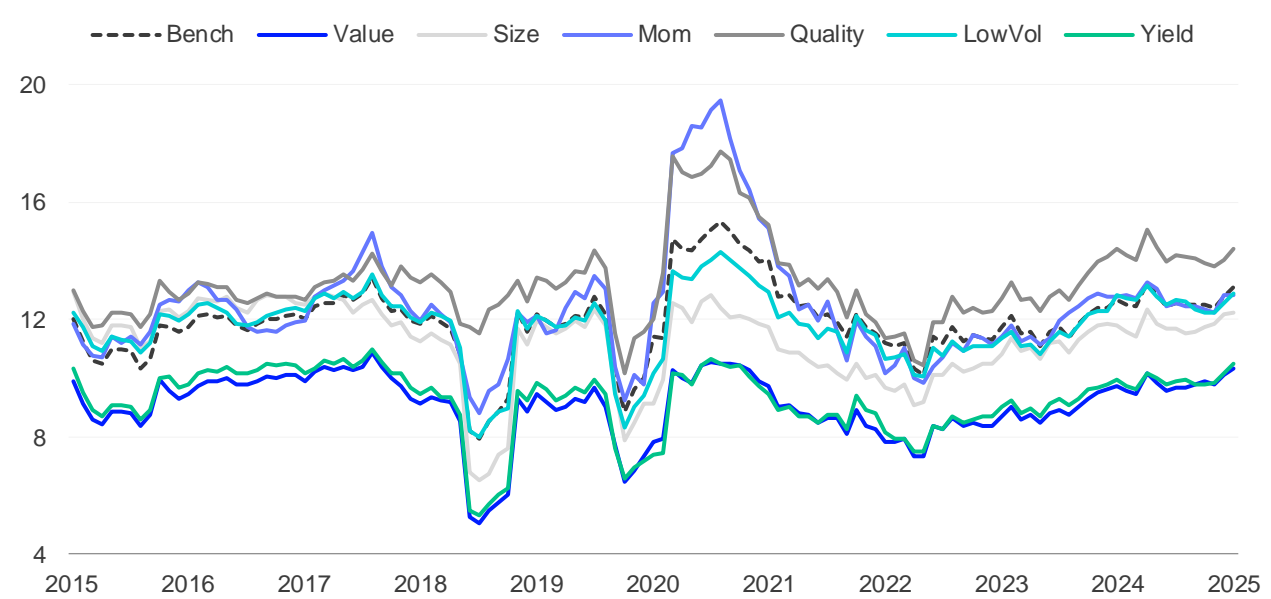
Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.  
FTSE Russell | Equity Factor Insights Q2 2025

# Emerging Markets Factor Valuations

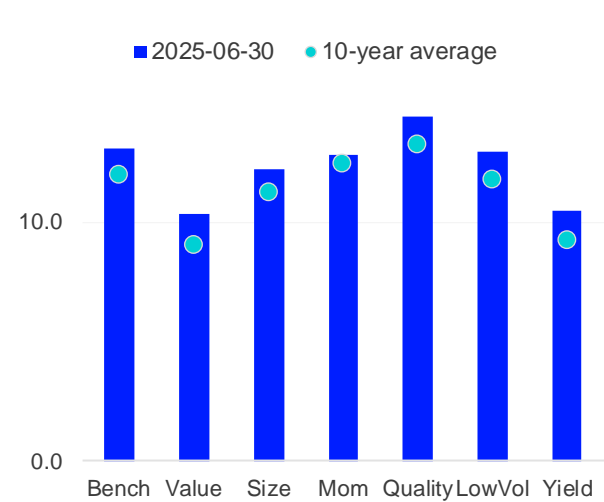
In Q2, absolute factor forward P/Es expanded broadly while valuation moves were mixed in the previous quarter. At quarter-end, all factors remained expensive relative to their 10-year averages, including Value and Yield. The Quality/Value premium narrowed over the quarter.

In relative terms, again, Value and Yield traded slightly above their 10-year average relative P/Es.

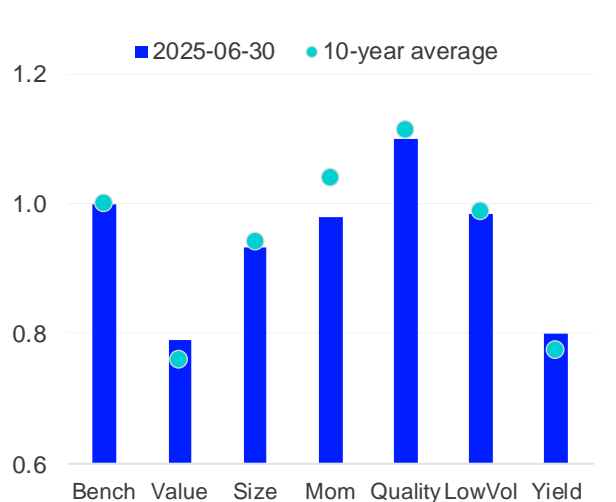
FTSE Emerging – Absolute 12M forward P/Es



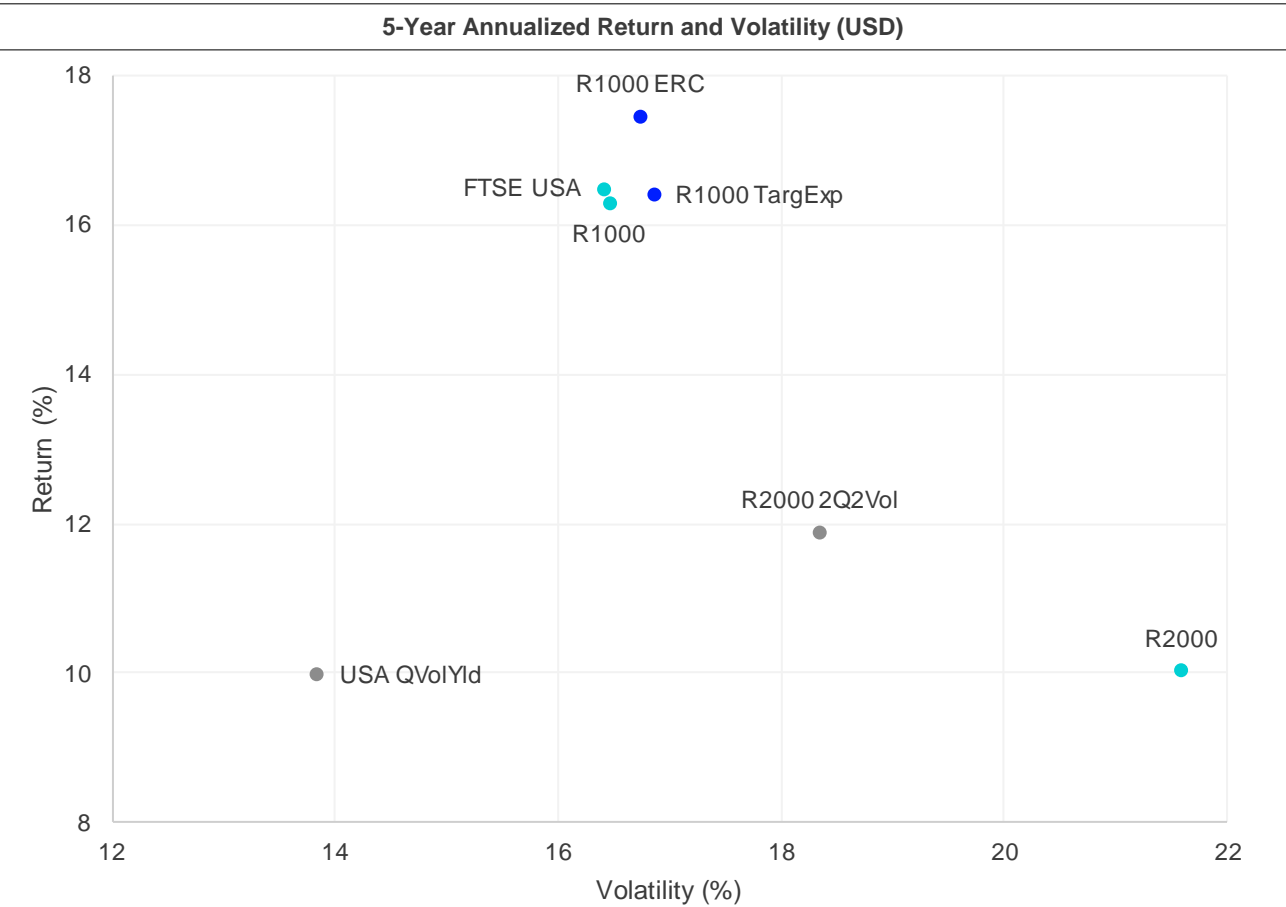
Current Absolute 12M forward P/Es vs history



Current Relative 12M forward P/Es vs history



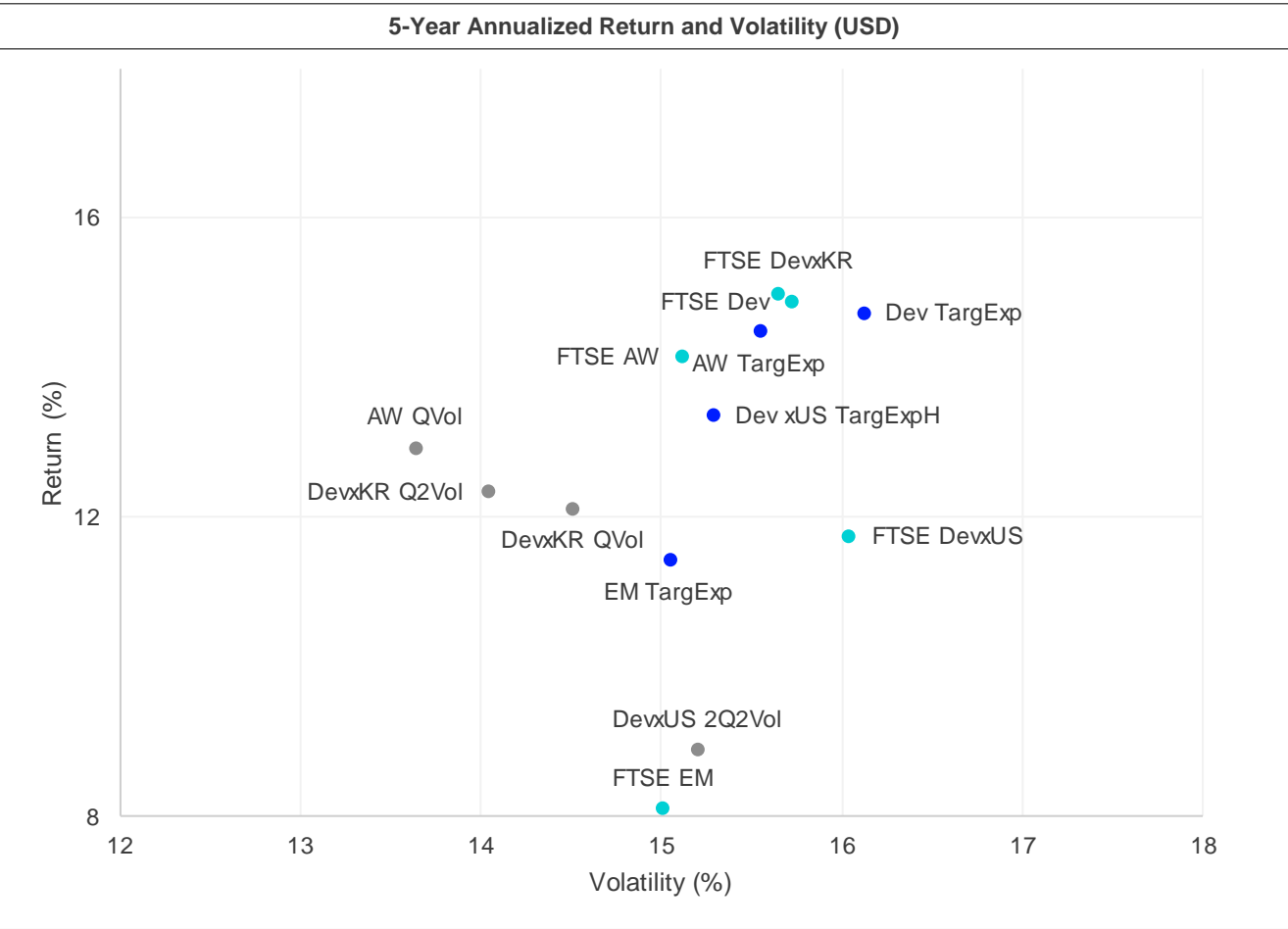
FTSE Russell US Factor Index Risk/Return Performance



Annualized Returns and Volatility (USD %)				
Label	Index	1-yr return	5-yr return	5-yr volatility
Diversified Indices				
● R1000 ERC	Russell 1000 Comprehensive Equal Factor Risk Contribution	13.1	17.4	16.7
● R1000 TargExp	Russell 1000 Comprehensive Target Exposure Factor Index	13.7	16.4	16.9
Defensive Indices				
● R2000 2Q2Vol	Russell 2000 2Qual/2Vol 3% Capped Factor Index	11.8	11.9	18.3
● USA QVolYld	FTSE USA Qual/Vol/Yield Factor Index	9.8	10.0	13.8
Benchmarks				
● FTSE USA	FTSE USA Index	16.1	16.5	16.4
● R1000	Russell 1000® Index	15.7	16.3	16.5
● R2000	Russell 2000® Index	7.7	10.0	21.6

Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

FTSE Russell Global Factor Index Risk/Return Performance



Annualized Return and Volatility (USD %)					
Label	Index	1-yr return	5-yr return	5-yr volatility	
Diversified Indices					
● AW TargExp	FTSE All-World Comprehensive Target Exposure Factor Index	16.4	14.5	15.5	
● Dev TargExp	FTSE Developed Comprehensive Target Exposure Factor Index	16.7	14.7	16.1	
● Dev xUS TargExpH	FTSE Developed ex US Comprehensive High Target Exposure	28.5	13.4	15.3	
● EM TargExp	FTSE Emerging Comprehensive Target Exposure Factor Index	16.7	11.4	15.0	
Defensive Indices					
● AW Qvol	FTSE All-World Target Exposure Qual Vol Factor Index	13.8	12.9	13.6	
● DevxKR Q2Vol	FTSE Developed ex Korea Qual/2 Vol Factor Index	9.6	12.4	14.0	
● DevxKR QVol	FTSE Developed ex Korea Qual/Vol Factor Index	9.1	12.1	14.5	
● DevxUS 2Q2Vol	FTSE Developed ex US 2Qual/2Vol 5% Capped Factor Index	10.2	8.9	15.2	
Benchmarks					
● FTSE AW	FTSE All-World Index	16.9	14.2	15.1	
● FTSE DevxKR	FTSE Developed ex Korea Index	17.1	15.0	15.6	
● FTSE DevxUS	FTSE Developed Ex US Index	18.8	11.8	16.0	
● FTSE Dev	FTSE Developed Index	16.9	14.9	15.7	
● FTSE EM	FTSE Emerging Index	16.8	8.1	15.0	

Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results.

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## Notes and Glossary

### Notes on Market Maps Factor Data

FTSE Russell employs a bottom-up “tilting” approach to create factor indices. Factor scores are calculated that range from 0 to 1, with higher scores being better. The underlying cap-weighted benchmark weights are multiplied by these scores, and this product is renormalized to give the factor index weights.

Intuitively, the index weights start with the benchmark weights and “tilt” towards stocks with better factor scores and away from stocks with worse factor scores. The magnitude of the index’s factor exposure can be controlled by raising the factor scores by an exponent, with higher exponents yielding higher factor exposure. All data in this Market Maps Equity Factor Insights report is based on hypothetical factor indicators that use an exponent (or tilt size) of 1 and are rebalanced monthly. For more Information on Factor Index Ground Rules and Construction Methodology, see: [FTSE Global Factor Index Series Ground Rules v4.4, January 2019](#)

The base indices used in this report are the FTSE USA, FTSE UK, FTSE Developed Europe ex UK, FTSE Japan, FTSE Developed Asia Pacific ex Japan, and FTSE Emerging indices.

### Glossary of Terms

#### VALUE

**Earnings Yield (E/P)** – Latest reported annual earnings per share divided by full market capitalization. Earnings are based on net income from continuing operations, before amortization of goodwill and extraordinary items and after tax, minority interests, preferred dividend, at fiscal year end.

**Cash-Flow Yield (CF/P)** – Latest reported annual cash-flow yield is cash earnings per share divided by full market capitalization. Cash earnings are earnings plus depreciation, amortization, deferred taxes, other non-cash items, extraordinary item and changes in working capital for the most recent fiscal year.

**Sales-to-Price (S/P)** – Latest annual sales from continuing operations per share for the full fiscal year divided by full market capitalization. Sales values are generally as reported but occasional adjustments may be made. They are also computed for banks, insurance and other financial companies based on appropriate definitions. Sales are attributed across different share classes, where common equity is comprised of more than one share type.

**MOMENTUM:** Measure of changes in total stock returns in local currency terms over those of the previous year excluding the most recent month.

**SIZE:** Size is calculated as the natural logarithm of each company’s full market capitalization in US dollars.

#### QUALITY

##### PROFITABILITY

**Return on Assets (ROA)** – Net income divided by average total assets, calculated relative to the regional median stock level.

**Delta Turnover** – Net sales revenue divided by average total assets, calculated relative to the regional median stock level.

**Accruals** – Net operating assets (NOA) for the most recent reporting period minus NOA from the previous reporting period, as calculated with following formula: Change in working capital + change in non-current net operating assets + change in net financial assets ([short-term investments + long-term investments] – [long-term debt + short-term debt + preferred stock]), divided by average total assets. Calculated relative to the regional median stock level.

##### LEVERAGE

**Leverage Ratio** – Operating cash flow divided by total debt. A company whose net operating cash flow is greater than total debt or has no debt is assigned a maximum Leverage Ratio of one.

**VOLATILITY (LOW):** Standard deviation of five years of weekly local total returns prior to the rebalance month. A minimum of 52 weekly return observations are required to calculate volatility.

#### YIELD

**Dividend Yield 12M** – Calculated as the natural logarithm of each company’s 12-month trailing dividend yield.



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