

TalkingPoints: The Dow Jones Emerging Markets Consumer Titans 30 Index



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Learn about tapping into the growth of the emerging market consumer with the Dow Jones Emerging Markets Consumer Titans 30 Index.

1. What is driving interest in this index?

The emerging market consumer theme has been highlighted by consultants, investment strategists, and other market participants as a long-term strategy for targeting the organic growth of emerging market economies. Consumption generally represents a relatively small share of economic output in developing economies. However, as these economies achieve greater wealth, consumption typically overtakes investment as the primary driver of economic growth. Large and fast-growing populations, increasing incomes, and lifestyle changes are all currently driving consumption growth in emerging markets as these countries transition to a more mature stage of economic development. Because of this, many believe that consumer companies represent a key opportunity to access growth in emerging markets.

Additionally, accessing emerging market consumption growth is challenging via conventional index solutions, because broad, market-cap-weighted emerging market benchmarks are dominated by banks and other financial companies as well as export-oriented sectors such as energy and materials. Given

these factors, market participants have demonstrated interest in dedicated exposure to emerging market consumer companies.

2. How does the index work?

The [Dow Jones Emerging Markets Consumer Titans 30 Index](#) seeks to measure the performance of 30 leading emerging market companies (excluding those domiciled in Taiwan) that are classified in the consumer goods and consumer services industries, according to the Dow Jones industry classification system.

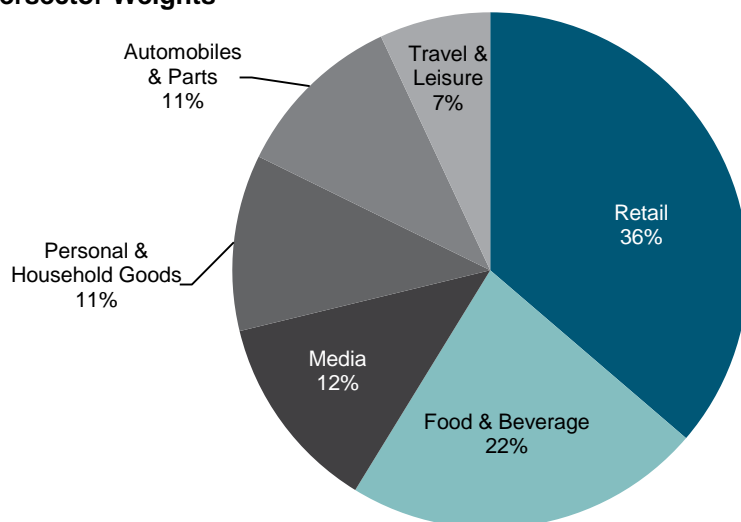
The index composition is derived from two indices: the Dow Jones Emerging Markets Consumer Goods Titans 30 and the Dow Jones Emerging Markets Consumer Services Titans 30. These two indices are constructed by selecting the top companies as measured via a composite ranking of float market cap, revenue, and net profit. In order to ensure diversification across both consumer industries, the top 10 companies by float market cap from consumer goods and consumer services are selected. The next largest ten companies by float market cap are then selected, irrespective of which consumer sector they represent.

In order to limit single-stock concentration, the maximum weight of a single company is limited to 10% and the sum of all stock weights exceeding 4.5% is limited to 45%. The index is reconstituted annually and reweighted quarterly.

3. What types of companies are included in the consumer industries?

The index includes a diverse range of companies operating in consumer-oriented industries, from retailers and food and beverage distributors to media companies and automakers. Retail represents the largest portion of the index, at a little over one-third of the index weight, followed by food & beverage at around 20% and media at 12% (see Exhibit 1).

Exhibit 1: Supersector Weights

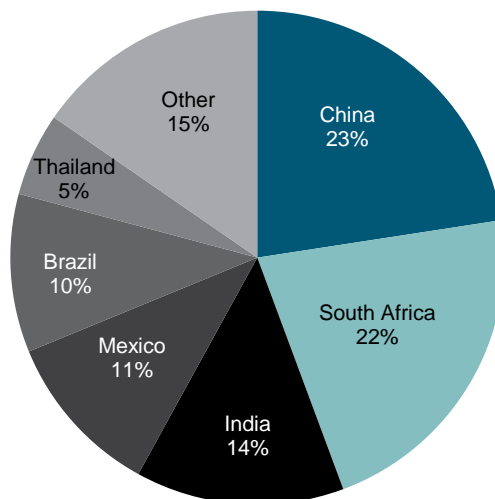


Source: S&P Dow Jones Indices LLC. Data as of Nov. 30, 2016. Chart is provided for illustrative purposes.

4. What does the country composition of the index look like?

As depicted in Exhibit 2, China, South Africa, and India represent the largest country weights in the index. Of note, South Korean and Taiwanese companies are not eligible for inclusion in the index, as the large global consumer companies based in these markets tend to generate a substantial portion of their sales from developed market countries.

Exhibit 2: Country Weights

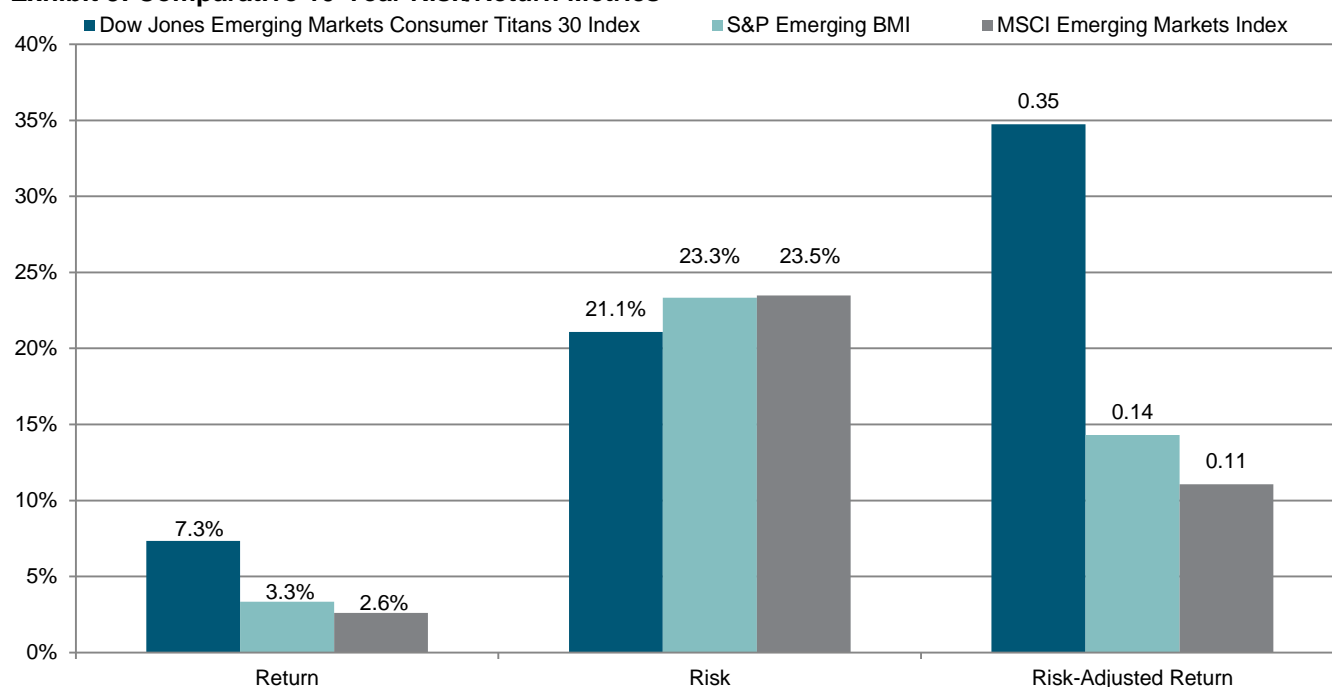


Source: S&P Dow Jones Indices LLC. Data as of Nov. 30, 2016. Chart is provided for illustrative purposes.

5. How has the index performed historically?

Over the long term, the index has demonstrated attractive risk/return characteristics when compared with traditional broad emerging market benchmarks. As illustrated in Exhibit 3, the index significantly outperformed the [S&P Emerging BMI](#) and MSCI Emerging Markets Index with lower volatility over the ten-year period ending Nov. 30, 2016, which includes back-tested data prior to the index launch in January 2010.

Exhibit 3: Comparative 10-Year Risk/Return Metrics



Source: S&P Dow Jones Indices LLC and MSCI. Data as of Nov. 30, 2016. Calculations are based on monthly gross total return index levels in USD. Risk is defined as the annualized standard deviation of returns. Risk-adjusted return is defined as return divided by risk. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

6. What are the key benefits?

PRECISION

The index targets consumer-oriented companies in emerging markets, a segment that is poorly represented in existing broad emerging market benchmarks.

LIMITED CONCENTRATION

Innovative index rules are designed to enhance diversification across consumer industries and to limit single-stock concentration.

LIQUIDITY

It includes only the largest, most liquid consumer companies, with the goal of creating an index appropriate for supporting index-tracking products in an otherwise illiquid market.

PERFORMANCE DISCLOSURE

The Dow Jones Emerging Markets Consumer Titans 30 Index was launched on January 8, 2010. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index Launch Date. Complete index methodology details are available at www.spdji.com.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the Index is set at a fixed value for calculation purposes. The Launch Date designates the date upon which the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its datafeed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Past performance of the Index is not an indication of future results. Prospective application of the methodology used to construct the Index may not result in performance commensurate with the back-test returns shown. The back-test period does not necessarily correspond to the entire available history of the Index. Please refer to the methodology paper for the Index, available at www.spdji.com for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Another limitation of using back-tested information is that the back-tested calculation is generally prepared with the benefit of hindsight. Back-tested information reflects the application of the index methodology and selection of index constituents in hindsight. No hypothetical record can completely account for the impact of financial risk in actual trading. For example, there are numerous factors related to the equities, fixed income, or commodities markets in general which cannot be, and have not been accounted for in the preparation of the index information set forth, all of which can affect actual performance.

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