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).

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.
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.

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.

Exhibit 3: Comparative 10-Year Risk/Return Metrics

<table>
<thead>
<tr>
<th></th>
<th>Dow Jones Emerging Markets Consumer Titans 30 Index</th>
<th>S&amp;P Emerging BMI</th>
<th>MSCI Emerging Markets Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return</td>
<td>7.3%</td>
<td>3.3%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Risk</td>
<td>23.3%</td>
<td>23.5%</td>
<td>0.35</td>
</tr>
<tr>
<td>Risk-Adjusted Return</td>
<td>0.35</td>
<td>0.14</td>
<td>0.11</td>
</tr>
</tbody>
</table>

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.