

# TalkingPoints

## The Dow Jones Emerging Markets Consumer Titans 30 Index



**Michael Orzano, CFA**

Senior Director  
Global Equity Indices  
S&P Dow Jones Indices

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.

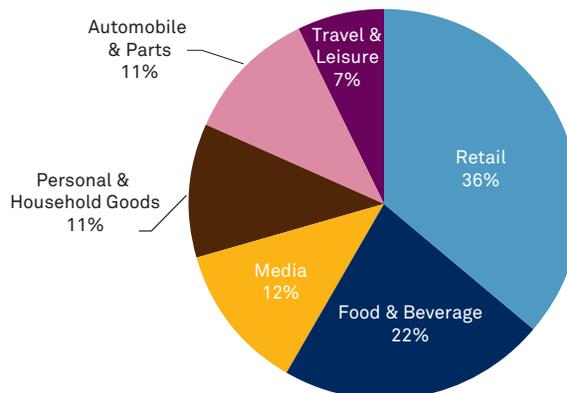
### 3. What types of companies are included in the consumer industries?

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?

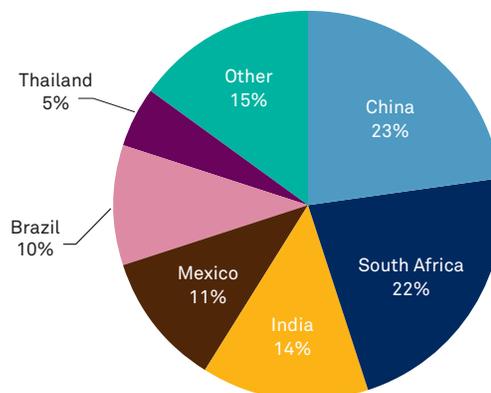
As depicted in Exhibit 2, China, South Africa, and India represent the largest country weights in the index. Of note, South Korean and Taiwanese companies are not eligible for inclusion in the index, as the large global consumer companies based in these markets tend to generate a substantial portion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

**Exhibit 1: Supersector Weights**



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

**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.

## 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

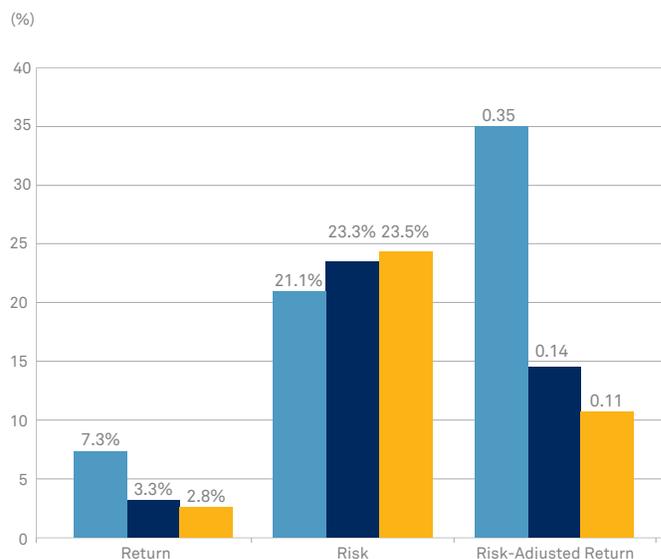
Innovative index rules are designed to enhance diversification across consumer industries and to limit single-stock concentration.

### 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

■ Dow Jones Emerging Markets Consumer Titans 30 Index  
 ■ S&P Emerging BMI    ■ MSCI Emerging Markets Index



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.

#### General Disclaimer

Copyright © 2017 by S&P Dow Jones Indices LLC, a part of S&P Global. All rights reserved. Standard & Poor's®, S&P 500® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"), a subsidiary of S&P Global. Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). Trademarks have been licensed to S&P Dow Jones Indices LLC. Redistribution, reproduction and/or photocopying in whole or in part are prohibited without written permission. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. All information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties. Past performance of an index is not a guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor, and S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Dow Jones Indices keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P Dow Jones Indices may have information that is not available to other business units. S&P Dow Jones Indices has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.