

## Dow Jones Emerging Markets Consumer Titans 30 Index Consultation – Updated

**NEW YORK, JANUARY 16, 2019:** S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on potential changes to the Dow Jones Emerging Markets Consumer Titans 30.

S&P DJI is seeking market feedback on the following proposed changes with a goal to more effectively and comprehensively capture the emerging market consumer theme while limiting geographic and single stock concentration.

Changes	Methodology	
	Current	Proposed
Index Universe	The index universe is defined as all constituents of the Dow Jones Emerging Markets Consumer Goods Titans 30 and Dow Jones Emerging Markets Consumer Services Titans 30.	The index universe is defined as all constituents of the S&P Emerging BMI <sup>1</sup> that are classified in the GICS <sup>2</sup> Consumer Discretionary (25), Consumer Staples (30), and Communication Services (50) sectors.
Geographic Revenue Exposure Requirement	--	Companies must derive at least 75% of their revenue from emerging markets (60% for current constituent companies).
Selection Universe	Stocks in the index universe having more than 10 non-trading days over the past quarter are excluded. In addition, stocks that make up the index universe must have a six-month median daily value traded of at least US\$ 5 million (US\$ 3 million for current constituents).	Stocks in the index universe having more than 10 non-trading days over the past quarter are excluded. In addition, stocks that make up the index universe must have a six-month median daily value traded of at least US\$ 3 million (US\$ 2 million for current constituents).
Constituent Selection Criteria	<p>Constituent selection is as follows:</p> <ol style="list-style-type: none"> <li>1. Companies in the selection universe are ranked by combined float-adjusted market capitalization.</li> <li>2. Companies are then selected top-down until the target count of 10 companies per industry (30 companies in total) is reached subject to the following buffers:               <ol style="list-style-type: none"> <li>a. Any non-constituent company ranked among the top 20 replaces the lowest ranked constituent.</li> <li>b. Any constituent company not among the top 40 companies is replaced by the highest ranked non-constituent.</li> </ol> </li> </ol>	<p>Constituent selection is as follows:</p> <ol style="list-style-type: none"> <li>1. Companies in the selection universe are ranked by combined float-adjusted market capitalization, revenue, and net profit. A final rank is calculated by weighting the float-adjusted market capitalization rank at 60%, the revenue rank at 20%, and the net profit rank at 20%.</li> <li>2. Companies are then selected top-down until the target count of 20 companies per GICS sector (60 companies total) is reached subject to the following buffers:               <ol style="list-style-type: none"> <li>a. Any non-constituent company ranked among the top 10 in each sector replaces the lowest ranked constituent.</li> <li>b. Any constituent company not among the top 25 in each sector is replaced by the highest ranked non-constituent.</li> </ol> </li> </ol>

<sup>1</sup> Note that the S&P Emerging BMI includes companies domiciled in Taiwan, which are excluded from the current index universe. For more information on the S&P Emerging BMI, please refer to the *S&P Global BMI, S&P/IFCI Methodology* available [here](#).

<sup>2</sup> For information on the Global Industry Classification Standard (“GICS<sup>SM</sup>”), please refer to the *GICS Methodology* available [here](#).

Changes	Methodology	
	Current	Proposed
Constituent Weighting	<p>The index is weighted by float adjusted market capitalization, subject to the following restrictions:</p> <ol style="list-style-type: none"> <li>1. The weight of any individual company is restricted to 10%.</li> <li>2. The aggregate weight of individual companies with weights of 4.5% or more is restricted to 45% of the index.</li> </ol>	<p>The index is weighted by float adjusted market capitalization, subject to the following restrictions:</p> <ol style="list-style-type: none"> <li>1. The weight of any individual company is restricted to 5%.</li> <li>2. The aggregate weight of individual companies with weights of 4.5% or more is restricted to 45% of the index.</li> <li>3. The weight of each country must be within 75% and 125% of the weight in the initial index universe (i.e. the S&amp;P Emerging BMI).</li> </ol>

## IMPACT ANALYSIS

A full impact analysis is available [here](#). In addition, back-test index levels from September 18, 2015 to November 30, 2018 are available [here](#) and a back-test highlights review is available [here](#).

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, during a one-time rebalancing effective prior to the market open on Monday, March 18, 2019.

## QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. Do you agree with the proposed changes to the index universe?
2. Do you agree with the proposal to introduce a geographic revenue exposure requirement?
3. Do you agree with the proposed changes to the selection universe?
4. Do you agree with the proposed changes to the constituent selection criteria?
5. Do you agree with the proposed changes to the constituent weighting?
6. Should the proposed changes be adopted, do you agree with the proposed March 2019 implementation date?
7. If the proposed changes are adopted and implemented in March 2019, should the next index composition review be performed as scheduled in September 2019 or should it be delayed until September 2020?
  - Be performed as scheduled in September 2019.
  - Be delayed until September 2020.
8. Do you have any other comments or feedback regarding the proposed changes outlined above?

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. S&P DJI will make responses to consultations freely available upon request.<sup>3</sup> If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **February 14, 2019**. After

<sup>3</sup> Individual and company names as well as contact details will be redacted.

## CONSULTATION

this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

*Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.*

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit [www.spdji.com](http://www.spdji.com).

## ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500<sup>®</sup> and the Dow Jones Industrial Average<sup>®</sup>. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit [www.spdji.com](http://www.spdji.com).

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