

## Dow Jones Emerging Markets Consumer Titans Index Consultation

**NEW YORK, FEBRUARY 08, 2021:** 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 Index.

S&P DJI is considering modifying the index's replacement policy and constituent weighting scheme to reduce concentration. The table below summarizes the proposed changes.

Changes	Methodology	
	Current	Proposed
Replacement Policy: <b>Option 1</b>	If a constituent is removed from the index outside the normal rebalancing period, companies will not be added to the index, immediately or quarterly, as replacements. Instead, companies are only added to the indices as replacements during the annual reconstitutions.	For the Dow Jones Emerging Markets Consumer Titans Index, if constituents are removed from the index outside of the normal rebalancing period, replacements are added to the index in conjunction with the quarterly reweighting, effective at the open of the Monday after the close of trading on the third Friday in March, June, September, and December.
Replacement Policy: <b>Option 2</b>	If a constituent is removed from the index outside the normal rebalancing period, companies will not be added to the index, immediately or quarterly, as replacements. Instead, companies are only added to the indices as replacements during the annual reconstitutions.	For the Dow Jones Emerging Markets Consumer Titans Index, if constituents are removed from the index outside of the normal rebalancing period, replacements are added to the index in conjunction with the quarterly reweighting, effective at the open of the Monday after the close of trading on the third Friday in March, June, September, and December.  Additionally, if more than 10% of the constituent count is removed from the index outside the quarterly reweighting period, replacements will be added to return the index to the target count and an ad hoc reweighting will be conducted to restore the constituent diversification requirements.
Constituent Weightings	<p>The index is weighted by float-adjusted market capitalization, subject to the below restrictions:</p> <ul style="list-style-type: none"> <li>• The weight of any individual company is restricted to 5%.</li> <li>• The aggregate weight of individual companies with weights of 4.5% or more is restricted to 45% of the index.</li> </ul> <p>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).</p>	<p>The index is weighted by float-adjusted market capitalization, subject to the following constraints:</p> <ul style="list-style-type: none"> <li>• Single constituent weights are capped at 4.5%.</li> </ul> <p>The weight of each country must be within 75% and 125% of the weight in the initial index universe.</p>

For more information on the Dow Jones Emerging Markets Consumer Titans Index, please refer to the Dow Jones Titans Indices Methodology available at [www.spdji.com](http://www.spdji.com).

## IMPACT ANALYSIS

Using data from the December 2020 rebalancing, the tables below show the actual one-way turnover, hypothetical results that would have resulted, and number of capped stocks, had the previously described proposed change to constituent weighting been implemented at that time.

Index	One-Way Turnover	
	Actual	Hypothetical
Dow Jones Emerging Markets Consumer Titans Index	3.68%	4.37%

Index	Number of Capped Stocks	
	Actual	Hypothetical
Dow Jones Emerging Markets Consumer Titans Index	5	6

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, in conjunction with the next quarterly rebalancing, which takes effect prior to the market open on Monday, March 22, 2021.

## QUESTIONS

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

- 1. Do you agree with the index replacement policy Option 1?**
- 2. Do you agree with the index replacement policy Option 2?**
- 3. Do you agree with the proposed change to the index's constituent weighting scheme ?**
- 4. If any of the proposed changes are adopted, do you agree with the proposed implementation date?**
- 5. 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 externally available upon request.<sup>1</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 22, 2021**. After 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*

<sup>1</sup> Individual and company names as well as contact details will be redacted.

## CONSULTATION

*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® and the Dow Jones Industrial Average®. 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).

## FOR MORE INFORMATION:

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