

TalkingPoints

The Dow Jones Emerging ASEAN Titans 100 Index



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Learn about accessing the growth of the ASEAN economies with the [Dow Jones Emerging ASEAN Titans 100 Index](#).

1. What is driving interest in this index?

The Association of Southeast Asian Nations (ASEAN) region is widely recognized for its favorable demographics, including its large and fast-growing population, which, combined with rising incomes, has resulted in a rapidly expanding middle class and consumer-driven growth. In addition to the rise of the consumer, growth of the ASEAN nations is supported by strong infrastructure spending, increased market share in manufacturing due to its competitive labor force, and its outsized share of global trade. Several ASEAN nations have also reduced barriers to foreign investment in recent years, attracting the attention of global investors.

However, obtaining exposure to the ASEAN markets is challenging via conventional indexed or active solutions, given that emerging market equity benchmarks are dominated by a few large markets, such as China, Taiwan, and South Korea. For these reasons, market participants have demonstrated an interest in obtaining dedicated exposure to emerging ASEAN countries.

2. How does the index work?

The Dow Jones Emerging Markets ASEAN Titans 100 Index seeks to measure the performance of 100 of the largest companies from Indonesia, Malaysia, Philippines, Thailand, and Vietnam. Singapore has been excluded and Vietnam has been included in order to target less advanced ASEAN markets with the potential for faster long-term growth.

Rather than simply including the largest companies by market cap, the index selection is based on a composite ranking of market cap, revenue, and net income. This is designed to give preference to the most well-established companies in the region that have a track record of generating sizable revenues and positive earnings while potentially tilting away from more speculative companies. It also may lend greater stability to the index composition, given the inherent volatility in company market values. In order to limit single-stock and country-level concentrations, the maximum weight of a single company is limited to 8%, while a single country weight cannot exceed 25% at rebalance.

The same methodology framework has been used within our long-established Dow Jones Titans Series, which was first launched in 1999. These same principles have now been incorporated into the ASEAN region.

3. What does the sector and country composition look like?

The index is generally reflective of the sector composition of the broader ASEAN equity market.

Exhibit 1: Sector Weights

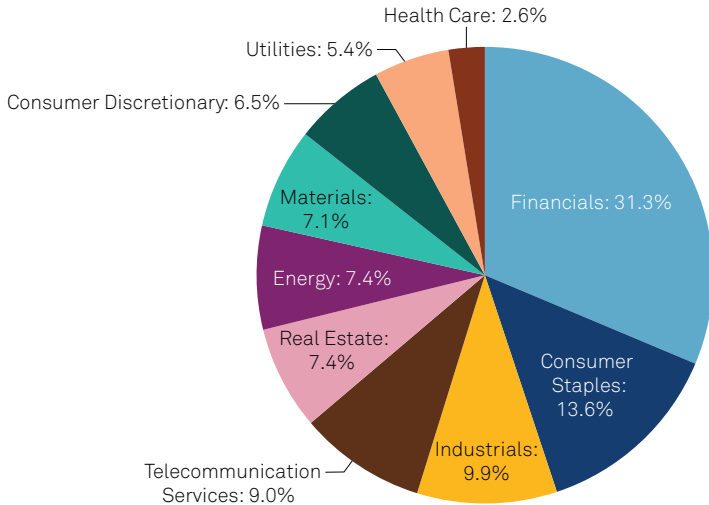
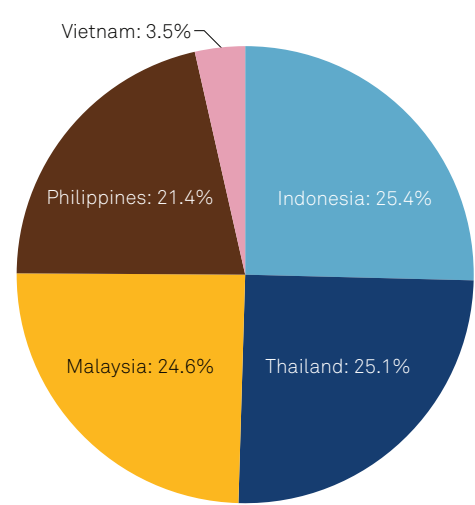


Exhibit 2: Country Weights



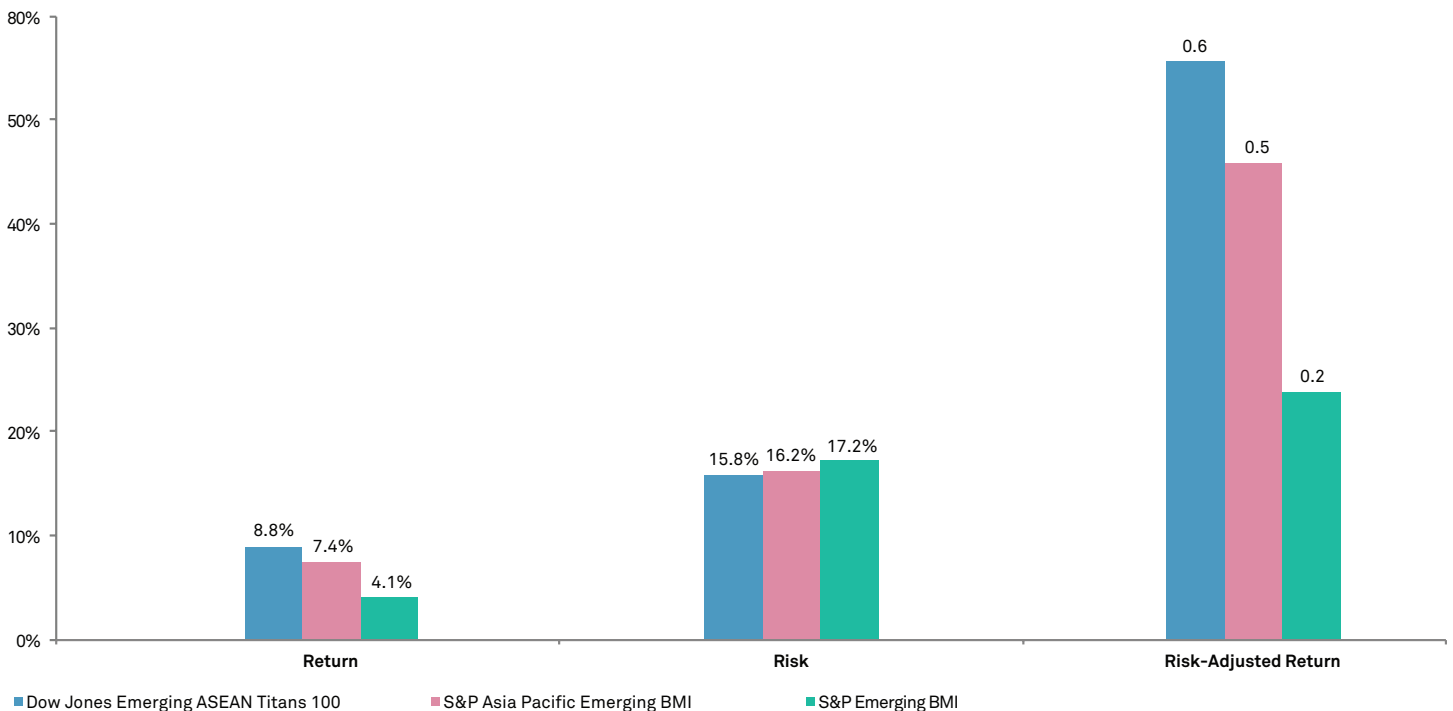
Source: S&P Dow Jones Indices LLC. Data as of May 30, 2018. Charts are provided for illustrative purposes.

As of May 30, 2018, Indonesia, Thailand, and Malaysia shared similar weights near the 25% country-level cap, while the Philippines and Vietnam represented about 21% and 4%, respectively.

4. How has the index performed historically?

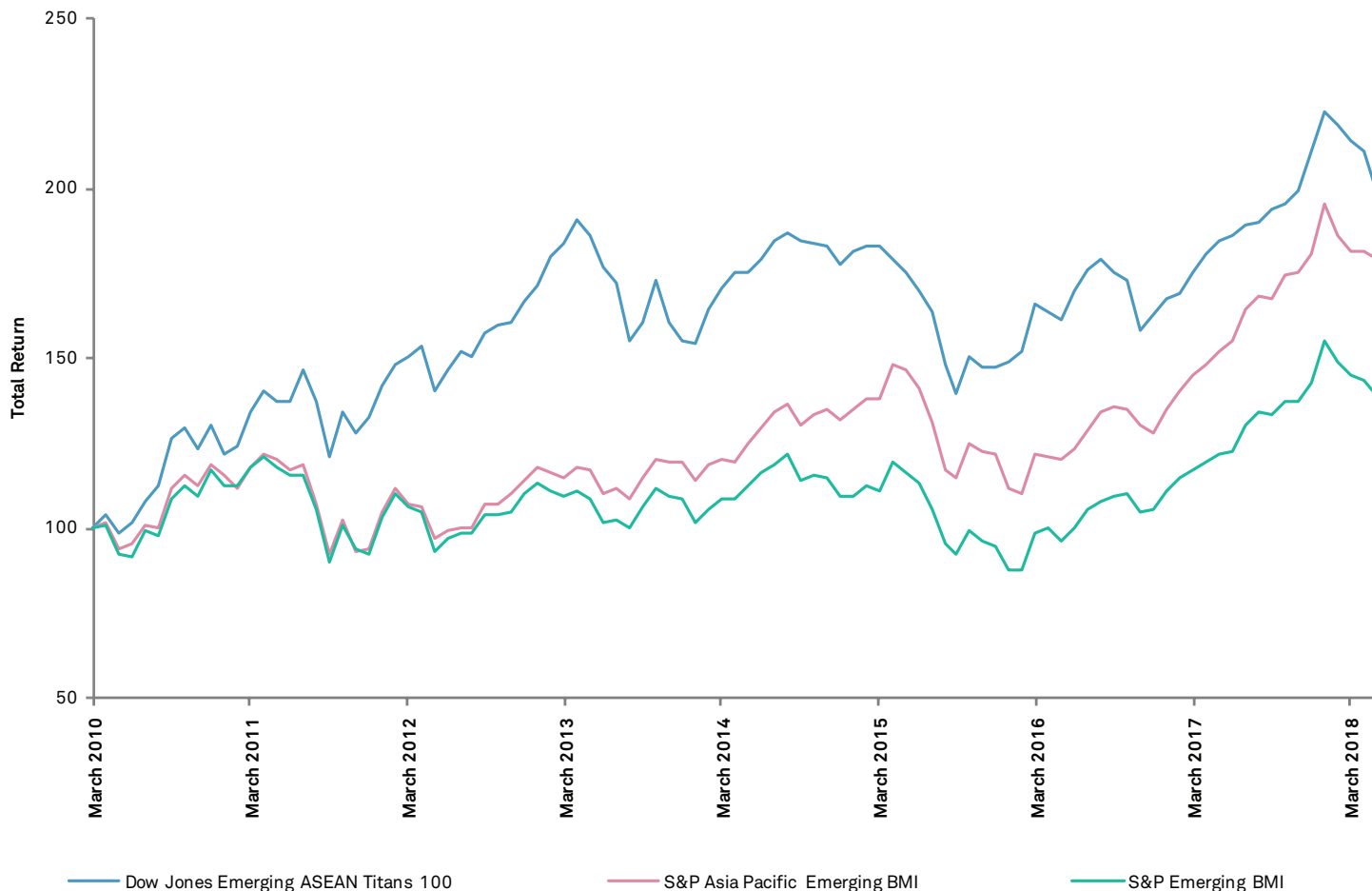
Over the available time period, the index has demonstrated attractive risk/return characteristics when compared with various emerging market and Asia benchmarks. As illustrated in Exhibits 3 and 4, the index outperformed with lower volatility over the period ending May 30, 2018.

Exhibit 3: Comparative Risk/Return Characteristics



Source: S&P Dow Jones Indices LLC. Data from March 19, 2010, to May 30, 2018. 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.

Exhibit 4: Total Returns Comparison



Source: S&P Dow Jones Indices LLC. Data from March 19, 2010, to May 30, 2018. 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.

5. What are the key benefits?

Precision: The index targets emerging market ASEAN countries to efficiently capture the ASEAN growth story.

Limited Concentration: Country and stock caps promote diversification across markets and limit single-stock concentration.

Representative Coverage: It includes the 100 largest, most liquid companies to enhance liquidity, while being representative of the broader regional equity market.

Performance Disclosure

The Dow Jones Emerging ASEAN Titans 100 Index was launched on May 29, 2018. 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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