

## INSURANCE ASIA NEWS

Institutional Asset Management Awards  
2023



## Best ETF Index Provider Best Smart Beta Strategy S&P Dow Jones Indices

**S&P DJI has recognised the increasingly thematic nature of investing in ETFs, curating products around clean energy, infrastructure, crypto and other megatrends.**

S&P Dow Jones Indices (S&P DJI) continues to work closely with exchange traded product partners to provide index innovation in response to investor appetites. There are over 2,000 ETPs linked to S&P DJI indices globally, with AUM of over \$2.7 trillion, representing a dominant market share. Over 300 Asia-listed ETPs were linked to S&P DJI indices.

S&P DJI understands that investors are looking to combine indices efficiently to meet their objectives. In 2022, Nomura Asset Management launched the first multi-asset ETF, tracking the S&P Balanced Equity and Bond Index - Conservative Index, designed to allocate a 25% weight in core equity (S&P 500 TR) and 75% weight in fixed income to provide a regularly rebalanced multi-asset measure for conservative risk/reward profiles.

Korea Investment Management launched the KINDEX S&P 500 30/70 Blend ETF tracking the S&P 500 and Short-Term Treasury 30/70 Blend Index, designed to track the performance of a 30/70 stock/bond allocation between the S&P 500 (equity component index) and the S&P U.S.

Another example of the blended product is the Kimwoom HEROES target date fund ETFs, tracking The Dow Jones Target 2030, 2040, and 2050 Index and designed to measure total portfolios of stocks, bonds and cash that automatically adjust over time.

S&P DJI has recognised the increasingly thematic nature of investing in ETFs, curating products around clean energy, infrastructure, crypto and other megatrends.

In 2022, asset managers launched investment products tracking S&P DJI thematic indices, including Janus Henderson Net Zero Transaction Resources ETF; SOL Korea-Global Platform & Metaverse ETF; Woori US S&P Aerospace & Defense; MUFJ eMaxis Hydrogen Economy index fund.

As governments around the world are accelerating the transition to a low-carbon economy and mitigating climate change risk, clean energy investment is becoming a greater focus for global investors. Franklin Templeton Taiwan launched the Franklin Templeton SinoAm Global Clean Energy ETF, the first global clean energy ETF in Taiwan, provides investors access to largest global companies in the clean energy sector.

With cryptocurrency innovation and investor interest expanding, S&P DJI launched two new indices in September specifically designed for the APAC market.

Australia's agribusiness is a vital contributor to the domestic economy, and Australia itself is a key export country in the global market. The S&P/ASX Agribusiness Index launched in May 2022 seeks to measure the performance of publicly listed companies involved in this industry, which is critical to the Australian economy.

Interest in factor investment solutions have significantly risen in the past decade. In general, factor investing refers to an approach that targets stock characteristics that drive the difference in expected returns over the long term. In 2022, Motilal Oswal Asset Management launched a series of smart beta ETFs on BSE for India investors to capture opportunities across different market environments.





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S&P DJI offers a broad suite of factor indices, providing investors with the tools to design a custom smart beta strategy ranging from factors including Size, Value, Volatility, Momentum, Quality and Dividends, to those that combine multiple-factors in developed and emerging markets.

Applying Dividend Strategy for ESG Integration Dividend payments are often viewed as an important barometer of companies' financial health and outlooks. Market participants closely monitor companies' long-term dividend payment track records as indicators of corporate maturity and balance sheet strength. Investors also often utilize dividend-based strategies to help manage risks and returns especially in bearish and volatile market conditions.

The launch of the sustainable versions of its popular and widely followed Dividend index family represent multiple geographies that incorporate ESG criteria.

To determine constituent eligibility, the S&P ESG Dividend Indices utilize S&P Global's ESG scores. The indices apply additional screens and exclude companies that are involved in specific business activities, including those that are not aligned with the principles of United Nations' Global Compact, and those that are involved in ESG controversies.

S&P DJI partnered with the Korea Stock Exchange to launch the S&P/KRX ESG Dividend Opportunities Index in September 2022. This index measures the performance of the 50 highest dividend yielding stocks in the KOSPI 200 Index universe while incorporating profitability, dividend growth and ESG screens.

The S&P/KRX ESG Dividend Opportunities Index incorporates several ESG screens in the index construction, which include S&P DJI ESG Scores, business activities, UNGC principles and S&P Global Media and Stakeholder Analysis (MSA).

After ESG screens, the index excludes companies involved in controversial weapons, small arms, military contracting, thermal coal, oil sands and tobacco products business activities. These are widely accepted ESG screens used in responsible investing practices and are considered by sustainable investors as sources of damage to human health and life.

As a result of these ESG considerations, the S&P/KRX ESG Dividend Opportunities Index's weighted average S&P DJI ESG Score was 66.52 as of June 30, 2022, higher than the 49.85 weighted average S&P DJI ESG Score of the S&P Korea Dividend Opportunities Index. The ESG index is designed for investors seeking dividend opportunities in the Korean market while incorporating ESG in index design.