

EMSG

Xtrackers MSCI Emerging Markets ESG Leaders Equity ETF Analyst Report

The Xtrackers MSCI Emerging Markets ESG Leaders Equity ETF (EMSG) tracks an MSCI index of emerging market stocks, selecting those securities that score the highest relative to their peers on environmental, social and governance factors, known by the acronym ESG. EMSG includes companies that score in the top 50% of scores in each sector — and so will own about half as many companies as the parent index — then weights those stocks to keep the sector allocation in line with the parent index. The fund excludes companies involved in alcohol, tobacco, gambling, controversial and conventional weapons, nuclear power, and civilian firearms. EMSG's management fee is cheaper than rival iShares ESG MSCI EM ETF (ESGE), but the iShares fund has significantly more assets and daily liquidity. The idea is that companies with higher ESG scores will outperform their rivals over the long run.

Issuers have rolled out dozens of ESG-style funds in recent years to appeal to younger investors who are concerned about the social impact of their investments. ESG (the strategy, not the ticker) is different from traditional socially-responsible investing, which typically tried to exclude bad actors and industries. Many advisers worried that this came at the expense of diversification and returns. Today's strategies aim to be more inclusive. Instead of ignoring large swathes of the market, the goal is maintain market-like diversification with a tilt toward the best corporate citizens. It's worth nothing that there are plenty of skeptics when it comes to ESG investing, and critics say ESG whitewashes a portfolio rather than driving companies to truly change their behavior. Investors who prefer plain-vanilla ETFs can take a look at funds like the Vanguard FTSE Emerging Markets ETF (VWO) or IEMG.

ESG Themes and Scores

6.85/10 ESG Rate 63.48% Global Percentile 95.7% Peer Percentile

Performance Data

	EMSG	ETF Database Category Average	Factset Segment Average
1 Month	-4.80%	-4.53%	-3.85%
3 Month	7.37%	3.99%	3.27%
YTD Return	15.47%	10.14%	7.98%
1 Year Return	26.40%	22.39%	17.38%
3 Year Return	-3.45%	0.66%	0.40%
5 Year Return	3.35%	3.48%	2.17%

Top 5 Holdings

Symbol	Holding	% Assets
2330	Taiwan Semiconductor Manufacturing Co., Ltd.	17.77%
700	Tencent Holdings Ltd.	7.78%
9988	Alibaba Group Holding Limited	4.21%
500325	Reliance Industries Limited	2.19%
500180	HDFC Bank Limited	1.97%

Vitals

Issuer	DWS
Brand	Xtrackers
Structure	N/A
Expense Ratio	0.20%
Inception	Dec 06, 2018
Index Tracked	MSCI Emerging Markets ESG Leaders Index

ETF Database Themes

Category	Emerging Markets Equities
Asset Class	Equity
Asset Class Size	Multi-Cap
Asset Class Style	Blend
Region (General)	Emerging Markets
Region (Specific)	Broad

FactSet Classifications

Segment	Equity: Emerging Markets - Total Market
Category	Size and Style
Focus	Total Market
Niche	Broad-based
Strategy	ESG
Weighting	Tiered

