

Investment case: Columbia Emerging Markets Consumer ETF | **ECON**

## TARGETING THE EMERGING MARKET CONSUMER GROWTH DRIVEN BY DEMOGRAPHICS

### Structural developments in emerging markets have led to a growing share of GDP coming from consumption

Consumption's share of gross domestic product (GDP) has more than doubled in the largest emerging market (EM) countries from 11% to 23% between 2000 and 2016.

- During that same time, it eased in developed countries (G6) from 66% to 50%.
- Three key factors are working in favor of emerging markets — superior demographics, urbanization trends and rising income.

### Emerging markets should represent an increasing share of global middle class consumption

China and India are projected to be major drivers of global middle class consumption.

- China is projected to overtake the U.S. as the largest middle class by 2020.
- India is projected to pass the U.S. in 2021 and then overtake China by 2024.

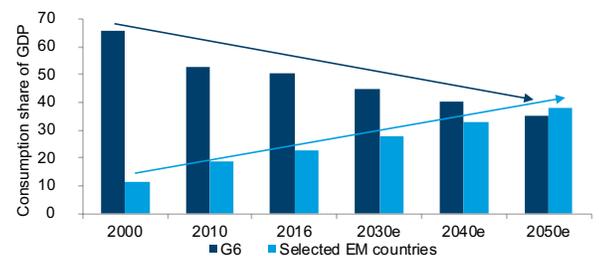
### Accessing dedicated exposure to the emerging market consumer has been challenging

The emerging market consumer is a limited portion of conventional benchmark indices.

- The MSCI Emerging Market (EM) Index only has a 16.5% weighting to consumer sectors and of that only 13.3% are in EM-headquartered consumer companies.
- South Korea and Taiwan sell primarily to other developed markets (DM) economies.

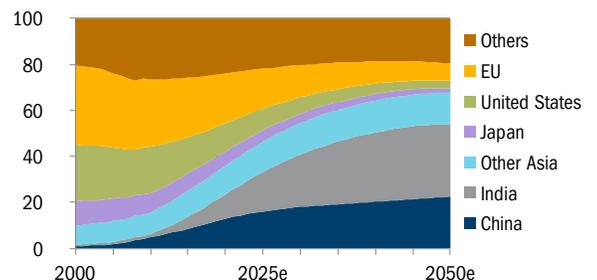
Past performance does not guarantee future results.

### EM consumers: Carrying more of the load (% , 2000–2050e)



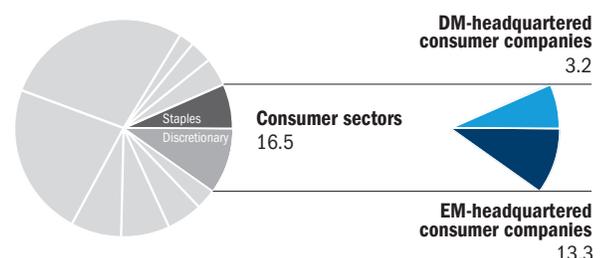
Source: Credit Suisse, "Emerging Consumer Survey 2018," March 2018, Columbia Management Investment Advisers. G6 countries are France, Germany, Italy, Japan, U.K. and U.S. Selected EM countries are Brazil, China, India, Indonesia, Russia, Mexico, Turkey and South Africa.

### Shares of global middle class consumption (%)



Source: Kharas, "The Emerging Middle Class in Developing Countries" OECD Development Center, January 2010. Note: Other Asia reflects all Asian countries, excluding Japan, India and China, which are differentiated in the graph.

### MSCI EM Index consumer sector exposure (%)



Source: MSCI, Morningstar data as of June 30, 2018. Weightings subject to change.

Fund	Exposure	Underlying index	Inception	Expense ratio	Ticker
Columbia Emerging Markets Consumer ETF	The first, largest and most actively traded global EM consumer ETF, <sup>1</sup> with diversification across 11 emerging markets	Dow Jones Emerging Markets Consumer Titans 30 Index	09/14/10	0.59%	ECON

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or visit [columbiathreadneedleetf.com](http://columbiathreadneedleetf.com)



<sup>1</sup> Bloomberg, Morningstar as of 06/30/18. Based on six-month average daily volume and net assets of all global consumer emerging market ETFs.

**Consumer** is a term used to represent the consumer staples and consumer discretionary sectors based on GICS methodology. Performance metrics are calculated using monthly index total return data of equal-weighted baskets of MSCI sector indices. **Developed markets (DM)** include the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, United Kingdom and United States. Taiwan is not broken out by the World Bank in data provided, so it is excluded from data sourced from the World Bank. **Emerging markets (EM)** are those countries with less advanced capital markets and less established stock markets than those in developed markets; these countries have embarked on economic development and reform programs as well as begun to open up their markets and emerge. **Dow Jones Emerging Markets Consumer Titans 30 Index** is a free-float market capitalization weighted index that measures the stock performance of 30 leading emerging market companies in the consumer goods and consumer services Industries as defined by S&P Dow Jones Indexes. **MSCI Emerging Markets (EM) Index** is an index that is designed to measure the equity market performance in global emerging markets.

It is not possible to invest directly in an index.

**Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. To obtain a prospectus containing this and other important information, please call 888.800.4347 or visit columbiathreadneedleetf.com to view or download a prospectus. Read the prospectus carefully before investing.**

**Investing** involves risks, including the risk of loss of principal. **Market risk** may affect a single issuer, sector of the economy, industry or the market as a whole. The fund is **passively managed** and seeks to track the performance of an index. The fund may not sell a poorly performing security unless it was removed from the **index**. There is no guarantee that the index will achieve positive returns. Risk exists that the index provider may not follow its **methodology** for index construction. Errors may result in a negative fund performance. The fund's **net value** will generally decline when the market value of its targeted index declines. **Foreign** investments subject the fund to risks, including political, economic, market, social and other risks impacting a particular country, as well as to currency instabilities and less stringent financial and accounting standards generally applicable to U.S. issuers. These risks are enhanced for **emerging market** issuers. Investment in or exposure to **foreign currencies** subjects the fund to currency fluctuation and risk of loss. Investments in **small- and mid-cap** companies involve risks and volatility greater than investments in larger, more established companies. The fund **concentrates** its investments in issuers of one or more particular industries to the same extent as the underlying index. Investments in a narrowly focused sector such as **consumer** may exhibit higher volatility than investments with a broader focus. Although the fund's shares are listed on an **exchange**, there can be no assurance that an active, liquid or otherwise orderly trading market for shares will be established or maintained. Active market **trading** may increase portfolio turnover, transaction costs and tracking error to the targeted index. The Fund may have **portfolio turnover**, which may cause an adverse cost impact. There may be additional **portfolio turnover risk** as active market trading of the fund's shares may cause more frequent creation or redemption activities that could, in certain circumstances, increase the number of portfolio transactions as well as tracking error to the Index and as high levels of transactions increase brokerage and other transaction costs and may result in increased taxable capital gains.

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