

Product highlights

FTSE
Russell

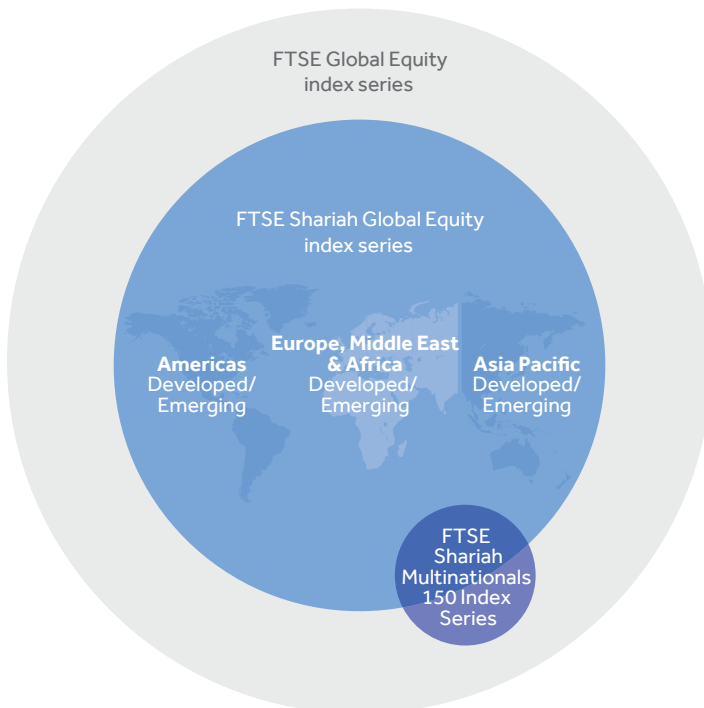
FTSE Shariah Indexes

Overview

In response to the rising demand for Shariah-compliant investment products, FTSE has developed an enhanced suite of Shariah indexes that use an improved methodology and produce a broader Shariah index solution for Islamic investors.

Shariah screening is undertaken by Yasaar Research Inc. with FTSE then calculating and disseminating the indexes. The family of FTSE Shariah indexes have been designed as the basis of tradable financial products such as ETFs and index funds, and for the purposes of benchmarking and performance measurement by institutional investors.

FTSE Shariah Global Equity Index Series Family Tree



Key features

Comprehensive coverage

The FTSE Shariah index range covers all regions across both developed and emerging markets to create a comprehensive Shariah indexing solution. FTSE also works with exchange partners and asset class specialists to provide Shariah-compliant versions of headline indexes such as FTSE/JSE Shariah Top 40 (South Africa), FTSE Bursa Malaysia Hijrah Shariah Index (Malaysia), FTSE SET Shariah Index (Thailand), FTSE NASDAQ Dubai Shariah Index (GCC area) and FTSE Physical Industrial Metals Index Series (Global Commodities).

Impartiality

By partnering with Yasaar Ltd., an impartial consultancy and leading authority on Shariah, with Shariah screening performed via their subsidiary Yasaar Research Inc., FTSE remains neutral and fully up to date with latest practises.

Fatwa-certified

The FTSE Shariah index range has been fully certified as Shariah-compliant through the issue of a Fatwa by Yasaar's principals. Copies of the fatwa can be found at ftserussell.com.

Asset-based debt screening

Unlike competitor methodologies, a more conservative approach to Shariah compliance is ensured by rating debt ratio limits which are measured as percentage of total assets, rather than more volatile measures which utilise a trailing 12-month market capitalization approach. This ensures that companies do not pass screening criteria due to market price fluctuations, allowing the methodology to be less speculative and more in line with Shariah principles.

School neutral

Yasaar Ltd. scholars represent all major Shariah schools of thought, creating a best practise approach that has credibility across all regions of the Islamic world.

Continuous evaluation

Index constituents are continuously evaluated by Yasaar Research Inc. against stringent Shariah principles, enabling FTSE's quarterly reviews to reflect the most current Shariah-compliant status.

Shariah principles

The Shariah is the Arabic term for Islamic Canon Law – a system of rules derived from the Quran and the Sunnah. According to the Islamic faith, money is not considered an end in itself but a means to higher values. If it is earned, invested and spent according to the guidelines set out by the Shariah, the individual, family and society as a whole will benefit.

Yasaar Research Inc.'s screening principles

Conservative

A company must demonstrate Shariah compliance before it becomes part of the eligible universe, and if the data to establish Shariah compliance is unavailable, no assumptions regarding the Shariah status of a company will be made. In essence, all companies are non-compliant until proven otherwise.

Consistent

By using a strict rules-based approach, the screening process is made objective and consistent across all regions. The use of a comprehensive global database ensures a consistent level of information is available on which to base screening.

Auditable

The screening process is overseen and monitored by Yasaar's Shariah Board. The Shariah Board monitors, reviews and audits the screening process at regular intervals. Shariah compliant constituents are updated daily and audit trails or any changes to a company's Shariah status are available to the Board for review.

AAOIFI accreditation

As a member of the Accounting and Auditing Organization for Islamic Financial Institutions, FTSE is committed to contributing to the development of Islamic Banking and Financial Services worldwide.

FTSE Shariah Indexes screening methodology

FTSE and Yasaar Research Inc.'s screening process is managed in accordance with written guidelines relating to the Shariah. These guidelines have been set by Yasaar's Shariah Board who also monitor compliance. The Shariah guidelines can be grouped into two separate components – business activity and financial ratios.

Strategic alliance

FTSE Group has developed an innovative joint venture with Yasaar Research Inc., a subsidiary of Yasaar Ltd. to create a suite of Shariah-compliant indexes.

Yasaar Ltd

Yasaar Ltd is an independent global Shariah (Islamic Law) consultancy that is not affiliated to any financial institution, enabling the provision of impartial, best practise Shariah solutions.

Their Shariah principals are prominent experts in Fiqh al Maumalat (Shariah law relating to financial transactions) and are established on the Shariah Supervisory Boards of a number of major financial institutions. As an associate member of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Yasaar participates in developing accepted standards for Shariah compliance.

With offices in Dubai, London and representative offices in New York, Kuala Lumpur and Singapore, they offer financial clients Shariah compliance services, including the review of financial product structures, advice on amendments to achieve Shariah compliance and development of screening software to define eligible Shariah compliant investment universes.

www.yasaar.org

FTSE Shariah Indexes

FTSE indexes can be used by investors worldwide for research, performance benchmarking, trading and product creation. Our Shariah compliant index range is listed below:

Equities

FTSE Shariah Global Equity Index Series

The FTSE Shariah Global Equity Index Series is designed to be used as the basis of Shariah compliant investment products which meet the requirements of Islamic investors globally.

FTSE Bursa Malaysia EMAS Shariah Index*

The index comprises the constituents of the FTSE Bursa Malaysia EMAS Index which are Shariah compliant, as screened by the Malaysian Securities Commission Shariah Advisory Council (SAC) screening methodology.

FTSE Bursa Malaysia Hijrah Shariah Index

The index comprises the 30 largest constituents of the FTSE Bursa Malaysia EMAS Shariah Index which meet international standards of Shariah compliance, as screened by Yasaar Research Inc. and the Malaysian Securities Commission Shariah Advisory Council (SAC). The index is designed to act as the basis of tradable products.

FTSE/JSE Shariah top 40 Index Series

The FTSE/JSE Shariah Index Series is designed to represent the performance of the Shariah-compliant constituents of the FTSE/JSE All-Share and FTSE/JSE Top 40 Indexes, providing Islamic investors with a liquid and transparent means to access the South African equity market.

FTSE NASDAQ Dubai Shariah Index Series

FTSE Group and NASDAQ Dubai launched the FTSE NASDAQ Dubai Shariah Index Series, the first set of Shariah-compliant country tradable indexes for the Gulf Cooperation Council (GCC) region in 2006. The index series is designed to represent the performance of the largest and most liquid Shariah-compliant companies from Kuwait and Qatar.

FTSE SET Shariah Index

The FTSE SET Shariah Index represents the performance of the Shariah-compliant stocks within the benchmark FTSE SET All-Share Index Series, providing Islamic investors with a means of tracking the performance of the Thai stock market.

FTSE SGX Shariah Index Series

The FTSE SGX Shariah Index Series is designed to represent the performance of Shariah-compliant companies from the following Asia-Pacific markets: Japan, Singapore, Taiwan, Korea and Hong Kong. The index is calculated in real-time, published in U.S. Dollars (USD) and is expected to be used as the basis of index-linked funds, ETFs and over-the-counter (OTC) products.

FTSE TWSE Taiwan Shariah Index

The FTSE TWSE Taiwan Shariah Index consists of the large and mid cap Taiwanese companies listed on the Taiwan Stock Exchange. The index is designed to be used as the foundation of Shariah-compliant investment products.

FTSE Custom Indexes

Should investors require a unique Shariah index to meet specific needs, FTSE can create a custom index which draws upon its screened universe to provide tailored market or security coverage.

*The FTSE Bursa Malaysia Hijrah EMAS and Hijrah index Series 'operate according to different rules, screening methodologies and Shariah certification processes than described elsewhere in this document. Full information can be found at ftserussell.com.

FTSE product packages

End of day data packages

FTSE product packages provide detailed constituent and index level data packages for hundreds of indexes. The data products offer an array of service options to meet all requirements.

Structured on a file-by-file basis, investors can access the packages via a File Transfer Protocol (FTP), directly from FTSE or from one of FTSE's third party distributors. Files are available on a one-off, daily or monthly basis. Package options are outlined below:

Index Valuation Service

This service provides index level data in a range of currencies for a wide selection of indexes within the FTSE's Shariah Index range.

Constituent Service

This service provides index constituent data including market capitalisation, free-float factor and index weightings on a daily basis.

Tracker Service

This service highlights corporate actions, dividend activity and other constituency changes on a daily basis.

Real-Time Data

A range of Real-Time indexes are available to support tradable products. The indexes are available direct from FTSE or via one of our vendors – see www.ftse.com/shariah for a full list of vendor codes.

Data Distribution Licenses

A FTSE license is required to:

- Allow investors to pass FTSE data to third parties or clients
- Launch any product whose performance is linked to the value of a FTSE index
- Use the FTSE name or name of the index in the marketing of the product

For more information on any of FTSE's products, please visit ftserussell.com or contact info@ftse.com.

Commodities

FTSE Physical Industrial Metals Index Series*

The world's first Shariah-compliant physical industrial metals index. This index series is a complementary set of five indexes, comprising four single metal indexes and one composite benchmark index, designed to accurately reflect the price of the world's most widely used industrial metals (Aluminium, Copper, Nickel and Zinc) and provide a tool to hedge against future supply constraints. The index series obtains commodity exposure via Salaam contracts and, as such, is suitable for use as the foundation of Shariah-compliant investment products.

*The FTSE Physical Industrial Metals Index Series operates according to different rules, screening methodologies and Shariah certification processes than described elsewhere in this document. Full information can be found at ftserussell.com.

For more information about our indexes, please visit ftserussell.com.

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Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. However, back-tested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change from month to month based on revisions to the underlying economic data used in the calculation of the index.

About FTSE Russell

FTSE Russell is a leading global provider of benchmarking, analytics and data solutions for investors, giving them a precise view of the market relevant to their investment process. A comprehensive range of reliable and accurate indexes provides investors worldwide with the tools they require to measure and benchmark markets across asset classes, styles or strategies.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

FTSE Russell is focused on applying the highest industry standards in index design and governance, employing transparent rules-based methodology informed by independent committees of leading market participants. FTSE Russell fully embraces the IOSCO Principles and its Statement of Compliance has received independent assurance. Index innovation is driven by client needs and customer partnerships, allowing FTSE Russell to continually enhance the breadth, depth and reach of its offering.

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