

# FTSE Developed Minimum Variance Shariah Index

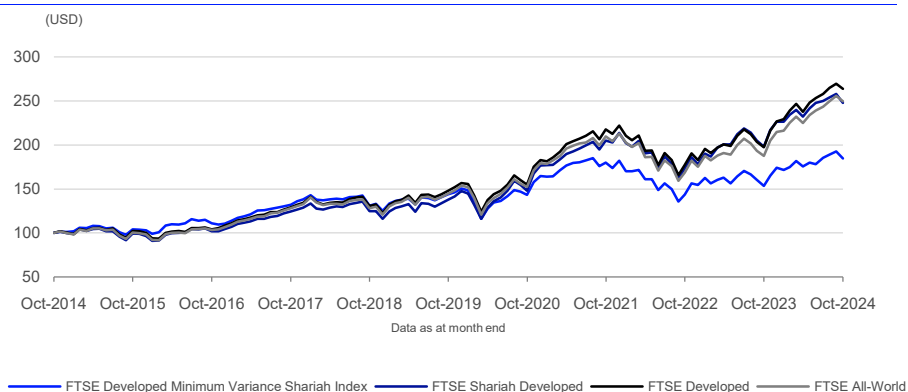
Data as at: 31 October 2024

The FTSE Global Minimum Variance Index Series aims to deliver reduced index volatility based on historical return information, thereby offering potential improvements to the risk reward trade-off, whilst maintaining full allocation to the relevant equity market.

Reduced volatility is achieved by applying a transparent rules-based approach which minimizes historical variance subject to additional constraints on the weight of individual stocks within an index, and, at aggregate level on the weight of countries and industries represented in the index.

Constituents of the FTSE Developed Minimum Variance Shariah Index are selected from the corresponding underlying universe of the FTSE Global Equity Shariah Index Series at the time of the bi-annual review and aspects such as index reviews and company classification are governed by the FTSE Global Equity Shariah Index Series Ground Rules. Please see below for details of the screening of the underlying universe by Shariah consultants, Yasaar Limited.

## 10-Year Performance - Total Return



## Performance and Volatility - Total Return

| Index (USD)                                   | Return % |      |      |      |      |      | Return pa %* |      | Volatility %** |      |      |
|---|----------|------|------|------|------|------|--------------|------|----------------|------|------|
|   | 3M       | 6M   | YTD  | 12M  | 3YR  | 5YR  | 3YR          | 5YR  | 1YR            | 3YR  | 5YR  |
| FTSE Developed Minimum Variance Shariah Index | -0.5     | 5.1  | 5.9  | 20.4 | 2.6  | 28.3 | 0.9          | 5.1  | 9.4            | 14.0 | 16.9 |
| FTSE Shariah Developed                        | -0.9     | 6.7  | 9.4  | 25.0 | 20.8 | 79.7 | 6.5          | 12.4 | 10.9           | 16.3 | 18.0 |
| FTSE Developed                                | 2.3      | 11.0 | 16.3 | 33.6 | 21.1 | 78.4 | 6.6          | 12.3 | 10.5           | 16.4 | 17.8 |
| FTSE All-World                                | 2.6      | 11.0 | 16.2 | 33.1 | 19.1 | 72.6 | 6.0          | 11.5 | 10.1           | 15.9 | 17.4 |

\* Compound annual returns measured over 3 and 5 years respectively

\*\* Volatility – 1YR based on 12 months daily data. 3YR based on weekly data (Wednesday to Wednesday). 5YR based on monthly data

## Year-on-Year Performance - Total Return

| Index % (USD)                                 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022  | 2023 |
|---|------|------|------|------|------|------|------|------|-------|------|
| FTSE Developed Minimum Variance Shariah Index | 9.7  | 1.9  | 7.3  | 25.1 | -9.5 | 20.3 | 9.3  | 10.5 | -15.1 | 12.9 |
| FTSE Shariah Developed                        | 4.7  | -3.2 | 8.1  | 23.1 | -9.7 | 27.0 | 19.8 | 21.0 | -16.7 | 27.2 |
| FTSE Developed                                | 5.1  | -0.3 | 8.2  | 23.9 | -8.6 | 28.0 | 16.7 | 21.4 | -17.8 | 24.2 |
| FTSE All-World                                | 4.8  | -1.7 | 8.6  | 24.6 | -9.1 | 27.2 | 16.6 | 18.9 | -17.7 | 22.6 |

## FEATURES

### Methodology

The approach applies a rules-based strategy to minimise volatility. Some constraints are applied, for example, to avoid over concentration in any particular stock, sector or country.

### Objective

The indexes are designed for the creation of index tracking funds, derivatives and as a performance benchmark.

### Investability

Stocks in the underlying universe are free-float weighted to ensure that only the investable opportunity set is included.

### Liquidity

Stocks in the underlying universe are screened to ensure that the indexes are tradable.

### Transparency

The index uses a transparent, rules-based construction process. Index Methodologies are freely available on the FTSE Russell website.

### Availability

The indexes are calculated based on price and total return methodologies.

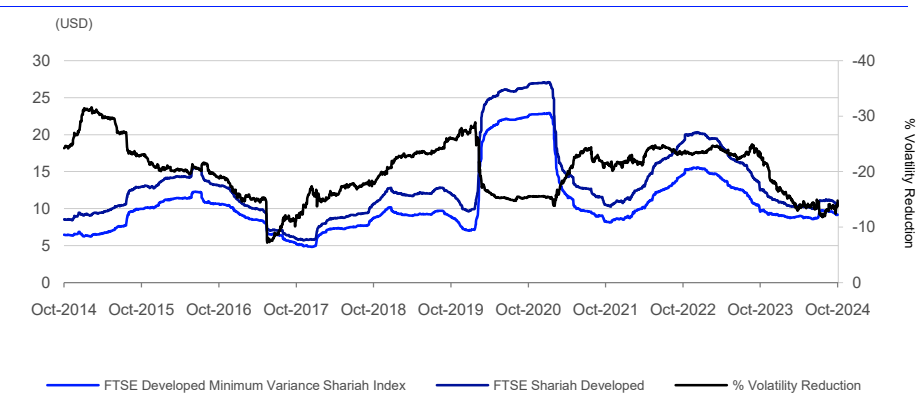
### Industry Classification Benchmark (ICB)

Index constituents are categorized in accordance with the Industry Classification Benchmark (ICB), the global standard for industry sector analysis.

### About Yasaar Ltd

Yasaar Ltd is an impartial consultancy and leading authority on Shariah. It represents all of the major Shariah schools of thought, creating a best-practices approach that has credibility across the Islamic world.

Annualised Rolling 252 Day Volatility - Total Return



Return/Risk Ratio and Drawdown - Total Return

| Index (USD)                                   | Return/Risk Ratio |     |     |      | Drawdown (%) |       |       |       |
|---|-------------------|-----|-----|------|--------------|-------|-------|-------|
|   | 1YR               | 3YR | 5YR | 10YR | 1YR          | 3YR   | 5YR   | 10YR  |
| FTSE Developed Minimum Variance Shariah Index | 2.1               | 0.1 | 0.3 | 0.5  | -5.8         | -25.8 | -34.1 | -34.1 |
| FTSE Shariah Developed                        | 2.2               | 0.4 | 0.7 | 0.6  | -8.7         | -24.9 | -33.8 | -33.8 |
| FTSE Developed                                | 3.1               | 0.4 | 0.7 | 0.7  | -8.2         | -26.1 | -34.0 | -34.0 |
| FTSE All-World                                | 3.1               | 0.4 | 0.7 | 0.6  | -8.2         | -26.0 | -33.7 | -33.7 |

Return/Risk Ratio – based on compound annual returns and volatility in Performance and Volatility table  
Drawdown - based on daily data

Top 10 Constituents - FTSE Developed Minimum Variance Shariah Index

| Constituent          | Country/Market | ICB Sector                            | FTSE Developed Minimum Variance Shariah Index (Wgt %) | FTSE Shariah Developed (Wgt %) | Diff % |
|----------------------|----------------|---------------------------------------|---|--------------------------------|--------|
| McKesson             | USA            | Personal Care Drug and Grocery Stores | 0.52  | 0.20                           | 0.32   |
| Johnson & Johnson    | USA            | Pharmaceuticals and Biotechnology     | 0.50  | 1.21                           | -0.70  |
| Cencora Inc          | USA            | Personal Care Drug and Grocery Stores | 0.50  | 0.12                           | 0.38   |
| Church & Dwight      | USA            | Personal Care Drug and Grocery Stores | 0.48  | 0.08                           | 0.41   |
| Cardinal Health      | USA            | Pharmaceuticals and Biotechnology     | 0.48  | 0.08                           | 0.40   |
| Merck & Co           | USA            | Pharmaceuticals and Biotechnology     | 0.47  | 0.81                           | -0.34  |
| Procter & Gamble     | USA            | Personal Care Drug and Grocery Stores | 0.46  | 1.22                           | -0.76  |
| Quest Diagnostics    | USA            | Medical Equipment and Services        | 0.45  | 0.05                           | 0.40   |
| Constellation Energy | USA            | Electricity                           | 0.45  | 0.26                           | 0.19   |
| Pfizer               | USA            | Pharmaceuticals and Biotechnology     | 0.44  | 0.50                           | -0.06  |
| Totals               |                |                                       | 4.75  | 4.53                           |        |

INFORMATION

Index Universe

FTSE Developed Shariah Index

Index Launch

May 2013

Base Date

15 June 2012

Base Value

100

Investability Screen

Actual free float applied and liquidity screened

Index Calculation

End of day

End-of-Day Distribution

Via FTP and email

Currency

USD

Review Dates

Semi-annually in March and September

History

Available from September 2003

Country/Market Breakdown

|                | FTSE Developed Minimum Variance Shariah Index |                 |        | FTSE Shariah Developed |                 |        | FTSE Developed |                 |        |
|----------------|---|-----------------|--------|------------------------|-----------------|--------|----------------|-----------------|--------|
| Country/Market | No. of Cons                                   | Net MCap (USDm) | Wgt %  | No. of Cons            | Net MCap (USDm) | Wgt %  | No. of Cons    | Net MCap (USDm) | Wgt %  |
| Australia      | 50  | 702,038         | 3.56   | 54                     | 662,397         | 2.08   | 104            | 1,404,074       | 2.01   |
| Austria        | 4   | 58,822          | 0.30   | 5                      | 18,430          | 0.06   | 7              | 38,335          | 0.05   |
| Belgium        | 3   | 75,208          | 0.38   | 5                      | 42,775          | 0.13   | 13             | 175,962         | 0.25   |
| Canada         | 9   | 85,920          | 0.44   | 14                     | 495,492         | 1.55   | 48             | 1,860,272       | 2.67   |
| Denmark        | 7   | 123,362         | 0.63   | 10                     | 450,705         | 1.41   | 19             | 541,433         | 0.78   |
| Finland        | 7   | 96,581          | 0.49   | 9                      | 92,797          | 0.29   | 14             | 175,471         | 0.25   |
| France         | 20  | 404,838         | 2.05   | 31                     | 1,033,108       | 3.24   | 67             | 1,824,873       | 2.62   |
| Germany        | 27  | 502,418         | 2.55   | 42                     | 1,014,013       | 3.18   | 67             | 1,518,909       | 2.18   |
| Hong Kong      | 26  | 719,303         | 3.65   | 26                     | 102,696         | 0.32   | 70             | 399,133         | 0.57   |
| Ireland        | 1   | 36,176          | 0.18   | 2                      | 16,224          | 0.05   | 5              | 49,965          | 0.07   |
| Israel         | -   | -               | -      | -                      | -               | -      | 29             | 120,348         | 0.17   |
| Italy          | 11  | 110,963         | 0.56   | 15                     | 185,505         | 0.58   | 36             | 522,875         | 0.75   |
| Japan          | 203   | 2,386,079       | 12.11  | 275                    | 2,142,226       | 6.71   | 496            | 4,475,682       | 6.42   |
| Korea          | 77  | 1,207,302       | 6.13   | 78                     | 555,257         | 1.74   | 157            | 830,859         | 1.19   |
| Netherlands    | 7   | 118,204         | 0.60   | 13                     | 424,956         | 1.33   | 29             | 729,422         | 1.05   |
| New Zealand    | 11  | 297,183         | 1.51   | 11                     | 44,622          | 0.14   | 13             | 53,711          | 0.08   |
| Norway         | 6   | 104,798         | 0.53   | 8                      | 57,201          | 0.18   | 16             | 105,733         | 0.15   |
| Poland         | 1   | 2,978           | 0.02   | 4                      | 21,490          | 0.07   | 10             | 54,444          | 0.08   |
| Portugal       | 1   | 18,744          | 0.10   | 2                      | 11,335          | 0.04   | 4              | 28,451          | 0.04   |
| Singapore      | 11  | 287,355         | 1.46   | 11                     | 38,497          | 0.12   | 35             | 246,731         | 0.35   |
| Spain          | 9   | 189,661         | 0.96   | 9                      | 177,994         | 0.56   | 24             | 487,662         | 0.70   |
| Sweden         | 7   | 91,658          | 0.47   | 33                     | 361,324         | 1.13   | 53             | 563,788         | 0.81   |
| Switzerland    | 24  | 480,016         | 2.44   | 33                     | 921,671         | 2.89   | 53             | 1,655,591       | 2.37   |
| UK             | 34  | 608,527         | 3.09   | 55                     | 1,404,284       | 4.40   | 100            | 2,683,343       | 3.85   |
| USA            | 199   | 10,996,959      | 55.81  | 203                    | 21,638,125      | 67.80  | 548            | 49,165,718      | 70.53  |
| Totals         | 755   | 19,705,093      | 100.00 | 948                    | 31,913,124      | 100.00 | 2017           | 69,712,785      | 100.00 |

ICB Supersector Breakdown

|          |                                       | FTSE Developed Minimum Variance Shariah Index |                 |        | FTSE Shariah Developed |                 |        | FTSE Developed |                 |        |
|----------|---------------------------------------|---|-----------------|--------|------------------------|-----------------|--------|----------------|-----------------|--------|
| ICB Code | ICB Supersector                       | No. of Cons                                   | Net MCap (USDm) | Wgt %  | No. of Cons            | Net MCap (USDm) | Wgt %  | No. of Cons    | Net MCap (USDm) | Wgt %  |
| 1010     | Technology                            | 86  | 2,466,123       | 12.52  | 114                    | 13,569,880      | 42.52  | 192            | 19,536,889      | 28.02  |
| 1510     | Telecommunications                    | 23  | 615,436         | 3.12   | 23                     | 825,953         | 2.59   | 49             | 1,840,915       | 2.64   |
| 2010     | Health Care                           | 100   | 3,333,516       | 16.92  | 113                    | 4,678,421       | 14.66  | 167            | 7,659,192       | 10.99  |
| 3010     | Banks                                 | -   | -               | -      | -                      | -               | -      | 111            | 4,238,638       | 6.08   |
| 3020     | Financial Services                    | 1   | 18,805          | 0.10   | 2                      | 14,177          | 0.04   | 93             | 3,418,574       | 4.90   |
| 3030     | Insurance                             | -   | -               | -      | -                      | -               | -      | 83             | 2,195,249       | 3.15   |
| 3510     | Real Estate                           | 21  | 600,009         | 3.04   | 26                     | 365,575         | 1.15   | 138            | 1,646,406       | 2.36   |
| 4010     | Automobiles and Parts                 | 26  | 417,481         | 2.12   | 38                     | 1,026,915       | 3.22   | 59             | 1,545,270       | 2.22   |
| 4020     | Consumer Products and Services        | 52  | 1,207,106       | 6.13   | 65                     | 932,009         | 2.92   | 101            | 1,799,284       | 2.58   |
| 4030     | Media                                 | 15  | 446,662         | 2.27   | 16                     | 174,104         | 0.55   | 37             | 954,773         | 1.37   |
| 4040     | Retailers                             | 19  | 559,883         | 2.84   | 24                     | 364,050         | 1.14   | 58             | 3,892,566       | 5.58   |
| 4050     | Travel and Leisure                    | 9   | 283,059         | 1.44   | 11                     | 45,846          | 0.14   | 72             | 1,258,952       | 1.81   |
| 4510     | Food Beverage and Tobacco             | 38  | 1,275,694       | 6.47   | 38                     | 674,043         | 2.11   | 100            | 2,189,606       | 3.14   |
| 4520     | Personal Care Drug and Grocery Stores | 23  | 810,265         | 4.11   | 24                     | 845,332         | 2.65   | 55             | 1,381,187       | 1.98   |
| 5010     | Construction and Materials            | 41  | 727,436         | 3.69   | 53                     | 797,549         | 2.50   | 63             | 854,550         | 1.23   |
| 5020     | Industrial Goods and Services         | 146   | 3,314,732       | 16.82  | 206                    | 3,243,318       | 10.16  | 343            | 8,554,335       | 12.27  |
| 5510     | Basic Resources                       | 30  | 622,339         | 3.16   | 52                     | 887,445         | 2.78   | 62             | 1,012,937       | 1.45   |
| 5520     | Chemicals                             | 47  | 834,550         | 4.24   | 57                     | 803,716         | 2.52   | 69             | 943,928         | 1.35   |
| 6010     | Energy                                | 47  | 1,341,672       | 6.81   | 53                     | 2,213,210       | 6.94   | 72             | 2,771,924       | 3.98   |
| 6510     | Utilities                             | 31  | 830,324         | 4.21   | 33                     | 451,582         | 1.42   | 93             | 2,017,611       | 2.89   |
| Totals   |                                       | 755   | 19,705,093      | 100.00 | 948                    | 31,913,124      | 100.00 | 2017           | 69,712,785      | 100.00 |

Index Characteristics

| Attributes              | FTSE Developed Minimum Variance Shariah Index | FTSE Shariah Developed | FTSE Developed | FTSE All-World |
|-------------------------|---|------------------------|----------------|----------------|
| Number of constituents  | 755   | 948                    | 2017           | 4243           |
| Dividend Yield %        | 2.23  | 1.61                   | 1.79           | 1.88           |
| Constituent (Wgt %)     |   |                        |                |                |
| Average                 | 0.13  | 0.11                   | 0.05           | 0.02           |
| Largest                 | 0.52  | 10.28                  | 4.70           | 4.23           |
| Median                  | 0.09  | 0.02                   | 0.01           | 0.00           |
| Top 10 Holdings (Wgt %) | 4.75  | 36.75                  | 23.45          | 21.23          |

About the FTSE Global Equity Shariah Index Series

The FTSE Global Equity Shariah Index Series has been fully certified as Shariah compliant through the issue of a Fatwa (Islamic legal opinion) by Yasaar's principals. Unlike other competitor methodologies, a more conservative approach to Shariah compliance is ensured by rating debt ratio limits that are measured as a percentage of total assets, rather than more volatile measures that use 12 month trailing market capitalisation. This ensures companies do not pass the screening criteria due to market price fluctuation, allowing the methodology to be less speculative and more in keeping with Shariah principles. Yasaar's screening methodology is set out below:

## Business Activity Screening

Initially, companies involved in any of the following activities will be filtered out as non Shariah-compliant:

- Conventional finance (non-Islamic banking, finance and insurance, etc.);
- Alcohol;
- Pork related products and non-halal food production, packaging and processing or any other activity related to pork and non-halal food;
- Entertainment (casinos, gambling and pornography);
- Tobacco; weapons, arms and defence manufacturing.

## Financial Ratios Screening

The remaining companies are then further screened on a financial basis. The following financial ratios must be met for companies to be considered Shariah-compliant:

- Debt is less than 33.333% of total assets;
- Cash and interest bearing items are less than 33.333% of total assets;
- Accounts receivable and cash are less than 50% of total assets;
- Total interest and non compliant activities income should not exceed 5% of total revenue.



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