

FTSE TWSE Taiwan Shariah Index

Data as at: 28 June 2019

The FTSE TWSE Shariah Index has been designed to be used as the basis of Shariah compliant investment products that focus on Shariah-compliant companies listed on the Taiwan Stock Exchange. Independent screening is carried out by Yasaar Ltd, an organisation with a global network of expert Shariah scholars. Their approach is described below.

Using the Large and Mid Cap stocks from the FTSE Global Equity Index Series as a base universe, constituents are screened against a clear set of Shariah principles to create a robust Shariah compliant index for the Taiwan market.

Business Activity Screening

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

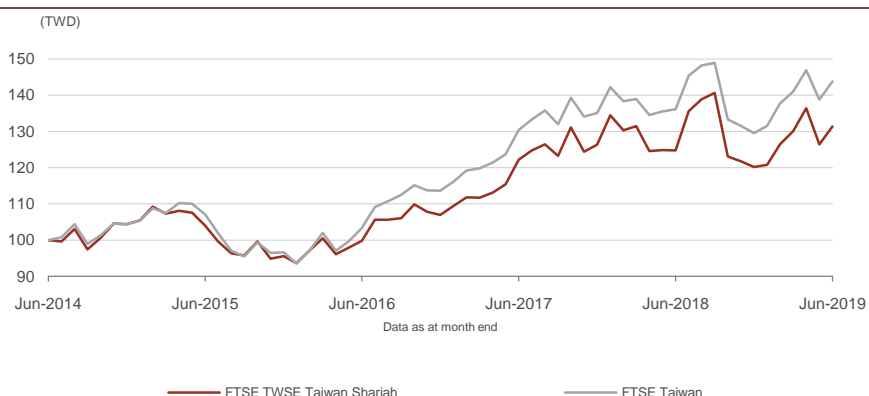
- Conventional finance (non-Islamic banking, finance and insurance, etc.);
- Alcohol;
- Pork related products and non-halal food production, packaging and processing or any other activity related to pork and non-halal food;
- Entertainment (casinos, gambling and pornography);
- Tobacco; weapons, arms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

5-Year Performance - Total Return



FEATURES

Coverage

Shariah-compliant Taiwanese stocks in the FTSE Shariah Global Equity Index Series.

Objective

The index is designed for use in the creation of Shariah-compliant investment products and as a benchmark.

Investability

Stocks are selected and weighted to ensure that the index is investable.

Liquidity

Stocks are screened to ensure that the index is tradable.

Transparency

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

Asset-based debt screening

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.

School-neutral

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

Industry Classification Benchmark

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

Shariah Methodology

Performance and Volatility - Total Return

Index (TWD)	Return %						Return pa %*		Volatility %**		
	3M	6M	YTD	12M	3YR	5YR	3YR	5YR	1YR	3YR	5YR
FTSE TWSE Taiwan Shariah	1.0	9.4	9.4	5.3	31.7	31.4	9.6	5.6	16.8	13.4	13.2
FTSE Taiwan	2.0	11.0	11.0	5.7	39.2	43.8	11.7	7.5	15.6	12.5	11.8

* 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 % (TWD)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FTSE TWSE Taiwan Shariah	80.0	10.1	-9.2	15.0	7.0	19.5	-8.4	11.9	18.2	-4.9
FTSE Taiwan	76.0	13.2	-16.6	13.1	13.2	16.9	-7.4	17.6	18.9	-4.1

Return/Risk Ratio and Drawdown - Total Return

Index (TWD)	Return/Risk Ratio				Drawdown (%)			
	1YR	3YR	5YR	10YR	1YR	3YR	5YR	10YR
FTSE TWSE Taiwan Shariah	0.5	0.7	0.4	0.7	-19.2	-19.2	-22.6	-22.6
FTSE Taiwan	0.5	0.9	0.6	0.7	-17.3	-17.3	-22.6	-23.8

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

Drawdown - based on daily data

Top 10 Constituents

Constituent	Country	ICB Sector	Net MCap (TWDm)	Wgt %
Taiwan Semiconductor Manufacturing	Taiwan	Technology Hardware & Equipment	5,735,658	46.84
Hon Hai Precision Industry	Taiwan	Electronic & Electrical Equipment	923,098	7.54
Formosa Plastics Corp	Taiwan	Chemicals	557,227	4.55
Nan Ya Plastics	Taiwan	Chemicals	443,522	3.62
Chunghwa Telecom	Taiwan	Fixed Line Telecommunications	429,530	3.51
Formosa Chemicals & Fibre	Taiwan	Chemicals	352,416	2.88
Delta Electronics	Taiwan	Electronic & Electrical Equipment	340,055	2.78
China Steel	Taiwan	Industrial Metals & Mining	307,512	2.51
Taiwan Cement	Taiwan	Construction & Materials	207,555	1.70
ASE Industrial Holding	Taiwan	Technology Hardware & Equipment	207,542	1.69
Totals			9,504,115	77.62

INFORMATION**Index Universe**

Shariah-compliant stocks within the FTSE Taiwan Index (Large and Mid Cap)

Index Launch

13 November 2008

Base Date

22 September 2003

Base Value

5000

Investability Screen

Free-float adjusted and liquidity screened

Index Calculation

Real-time and end-of-day indices available

End-of-Day-Distribution

Via FTP and email

Currency

TWD and USD. Real-time in TWD only

Review Dates

Quarterly in March, June, September, December

ICB Supersector Breakdown

ICB Code	ICB Supersector	FTSE TWSE Taiwan Shariah			FTSE Taiwan		
		No. of Cons	Net MCap (TWDm)	Wgt %	No. of Cons	Net MCap (TWDm)	Wgt %
0500	Oil & Gas	1	150,735	1.23	1	150,735	0.82
1300	Chemicals	6	1,434,217	11.71	6	1,434,217	7.78
1700	Basic Resources	2	336,690	2.75	2	336,690	1.83
2300	Construction & Materials	3	337,410	2.76	4	432,578	2.35
2700	Industrial Goods & Services	11	1,729,053	14.12	15	2,005,024	10.88
3300	Automobiles & Parts	3	97,635	0.80	4	117,359	0.64
3500	Food & Beverage	-	-	-	1	396,222	2.15
3700	Personal & Household Goods	6	505,697	4.13	7	900,614	4.89
4500	Health Care	-	-	-	1	21,729	0.12
5300	Retail	-	-	-	2	330,528	1.79
5700	Travel & Leisure	1	33,284	0.27	2	58,622	0.32
6500	Telecommunications	2	554,549	4.53	3	749,789	4.07
8300	Banks	-	-	-	11	2,068,619	11.22
8500	Insurance	-	-	-	4	850,784	4.62
8700	Financial Services	-	-	-	4	511,872	2.78
9500	Technology	16	7,065,535	57.70	24	8,068,070	43.77
Totals		51	12,244,805	100.00	91	18,433,453	100.00

Index Characteristics

Attributes	FTSE TWSE Taiwan Shariah	FTSE Taiwan
Number of constituents	51	91
Net MCap (TWDm)	12,244,805	18,433,453
Dividend Yield %	4.01	4.03
Constituent Sizes (Net MCap TWDm)		
Average	240,094	202,565
Largest	5,735,658	5,735,658
Smallest	6,353	6,353
Median	79,042	96,707
Weight of Largest Constituent (%)	46.84	31.12
Top 10 Holdings (% Index MCap)	77.62	54.70



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