

FTSE Japan 100 Shariah Index

Data as at: 31 May 2022

The FTSE Japan 100 Shariah Index has been designed to be used as the basis of Shariah-compliant investment products that meet the requirements of Islamic investors in Japan and internationally. Independent screening is carried out by Yasaar Limited, 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, the top 100 Shariah-compliant Japanese constituents, by market capitalisation are then selected to form the FTSE Japan 100 Shariah Index.

Business Activity Screening

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

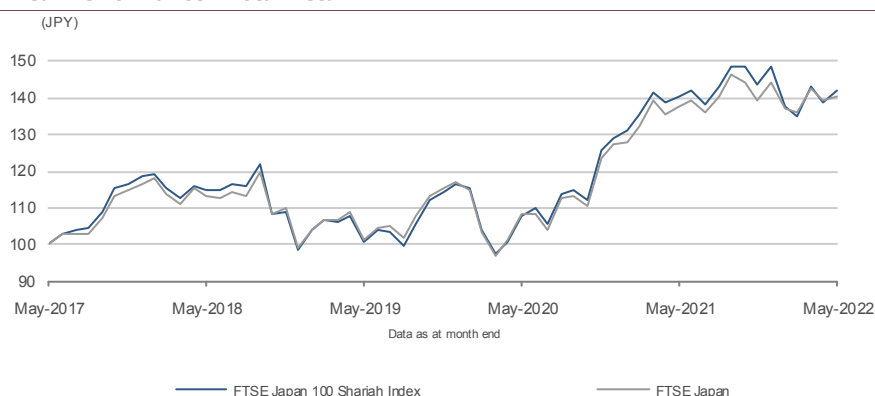
- Conventional finance (non-Islamic banking, finance and insurance, etc.);
- Alcohol;
- Pork related products and non-halal food production, packaging and processing or any other activity related to pork and non-halal food;
- Entertainment (casinos, gambling and pornography);
- Tobacco; weapons, arms 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 Japanese stocks in the FTSE Global Equity Shariah 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 Methodologies are freely available on the FTSE Russell 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 (ICB)

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

Performance and Volatility - Total Return

| Index (JPY) | Return % | | | | | | Return pa %* | | Volatility %** | | |
|------------------------------|----------|------|------|-----|------|------|--------------|-----|----------------|------|------|
| | 3M | 6M | YTD | 12M | 3YR | 5YR | 3YR | 5YR | 1YR | 3YR | 5YR |
| FTSE Japan 100 Shariah Index | 5.2 | -0.9 | -4.2 | 1.3 | 41.2 | 42.2 | 12.2 | 7.3 | 19.1 | 19.6 | 15.3 |
| FTSE Japan | 3.0 | 0.7 | -2.7 | 1.9 | 38.4 | 40.3 | 11.4 | 7.0 | 17.0 | 18.8 | 14.8 |

* 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 % (JPY) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------|------|------|------|------|------|------|-------|------|------|------|
| FTSE Japan 100 Shariah Index | 13.5 | 54.8 | 17.6 | 11.0 | 0.8 | 24.4 | -16.9 | 18.1 | 10.6 | 15.2 |
| FTSE Japan | 21.5 | 54.8 | 10.3 | 11.5 | -0.3 | 21.0 | -15.3 | 18.3 | 8.9 | 13.2 |

Return/Risk Ratio and Drawdown - Total Return

| Index (JPY) | Return/Risk Ratio | | | | Drawdown (%) | | | |
|------------------------------|-------------------|-----|-----|------|--------------|-------|-------|-------|
| | 1YR | 3YR | 5YR | 10YR | 1YR | 3YR | 5YR | 10YR |
| FTSE Japan 100 Shariah Index | 0.1 | 0.6 | 0.5 | 0.9 | -19.3 | -28.5 | -31.3 | -31.3 |
| FTSE Japan | 0.1 | 0.6 | 0.5 | 0.8 | -16.1 | -28.7 | -31.3 | -31.3 |

Return/Risk Ratio – based on compound annual returns and volatility in Performance and Volatility table
Drawdown - based on daily data**Top 10 Constituents**

| Constituent | ICB Sector | Net MCap (JPYm) | Wgt % |
|-----------------------|--------------------------------------|-------------------|--------------|
| Tokyo Electron | Technology Hardware and Equipment | 8,701,933 | 4.45 |
| KDDI Corp | Telecommunications Service Providers | 7,417,232 | 3.79 |
| Shin-Etsu Chemical | Chemicals | 7,268,994 | 3.72 |
| SoftBank Group | Telecommunications Service Providers | 7,082,692 | 3.62 |
| Recruit Holdings | Industrial Support Services | 6,748,022 | 3.45 |
| Hitachi | Electronic and Electrical Equipment | 6,216,494 | 3.18 |
| Takeda Pharmaceutical | Pharmaceuticals and Biotechnology | 5,665,753 | 2.90 |
| Daikin Industries | Construction and Materials | 5,477,642 | 2.80 |
| Mitsubishi Corp | General Industrials | 5,299,686 | 2.71 |
| Mitsui & Co | Industrial Support Services | 5,082,094 | 2.60 |
| Totals | | 64,960,542 | 33.23 |

INFORMATION**Index Universe**

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

Index Launch

30 July 2007

Base Date

29 September 2003

Base Value

1000

Investability Screen

Actual free float applied and liquidity screened

Index Calculation

Real time (calculated every 15 seconds) and end-of-day indices available.

End-of-Day-Distribution

Via FTP and email

Review Dates

Quarterly in March, June, September, December

Currency

Yen and USD

ICB Supersector Breakdown

| ICB Code | ICB Supersector | FTSE Japan 100 Shariah Index | | | FTSE Japan | | |
|---------------|---------------------------------------|------------------------------|--------------------|---------------|-------------|--------------------|---------------|
| | | No. of Cons | Net MCap (JPYm) | Wgt % | No. of Cons | Net MCap (JPYm) | Wgt % |
| 1010 | Technology | 18 | 40,310,051 | 20.62 | 58 | 57,113,584 | 11.67 |
| 1510 | Telecommunications | 3 | 19,163,199 | 9.80 | 7 | 23,821,084 | 4.87 |
| 2010 | Health Care | 9 | 23,573,392 | 12.06 | 36 | 43,821,776 | 8.95 |
| 3010 | Banks | - | - | - | 21 | 24,528,962 | 5.01 |
| 3020 | Financial Services | - | - | - | 14 | 8,896,750 | 1.82 |
| 3030 | Insurance | - | - | - | 7 | 14,441,044 | 2.95 |
| 3510 | Real Estate | - | - | - | 34 | 19,962,842 | 4.08 |
| 4010 | Automobiles and Parts | 7 | 12,655,698 | 6.47 | 25 | 48,760,835 | 9.96 |
| 4020 | Consumer Products and Services | 7 | 9,236,890 | 4.72 | 34 | 43,171,723 | 8.82 |
| 4030 | Media | 1 | 916,435 | 0.47 | 8 | 2,343,591 | 0.48 |
| 4040 | Retailers | 2 | 1,410,667 | 0.72 | 18 | 13,138,932 | 2.68 |
| 4050 | Travel and Leisure | 1 | 341,736 | 0.17 | 13 | 6,829,304 | 1.40 |
| 4510 | Food Beverage and Tobacco | 3 | 2,381,123 | 1.22 | 29 | 16,044,073 | 3.28 |
| 4520 | Personal Care Drug and Grocery Stores | 2 | 2,661,958 | 1.36 | 19 | 9,741,910 | 1.99 |
| 5010 | Construction and Materials | 5 | 7,982,357 | 4.08 | 21 | 12,019,964 | 2.46 |
| 5020 | Industrial Goods and Services | 27 | 52,075,509 | 26.64 | 103 | 107,338,193 | 21.93 |
| 5510 | Basic Resources | 3 | 3,521,037 | 1.80 | 13 | 6,339,218 | 1.30 |
| 5520 | Chemicals | 7 | 13,436,944 | 6.87 | 30 | 20,428,558 | 4.17 |
| 6010 | Energy | 3 | 3,827,628 | 1.96 | 4 | 4,103,611 | 0.84 |
| 6510 | Utilities | 2 | 2,008,784 | 1.03 | 13 | 6,600,869 | 1.35 |
| Totals | | 100 | 195,503,406 | 100.00 | 507 | 489,446,823 | 100.00 |

Index Characteristics

| Attributes | FTSE Japan 100 Shariah Index | FTSE Japan |
|-----------------------------------|------------------------------|-------------|
| Number of constituents | 100 | 507 |
| Net MCap (JPYm) | 195,503,406 | 489,446,823 |
| Dividend Yield % | 2.36 | 2.65 |
| Constituent Sizes (Net MCap JPYm) | | |
| Average | 1,955,034 | 965,378 |
| Largest | 8,701,933 | 25,782,835 |
| Smallest | 205,829 | 31,097 |
| Median | 1,283,929 | 360,936 |
| Weight of Largest Constituent (%) | 4.45 | 5.27 |
| Top 10 Holdings (% Index MCap) | 33.23 | 20.97 |



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