

# FTSE Developed Minimum Variance Shariah Index

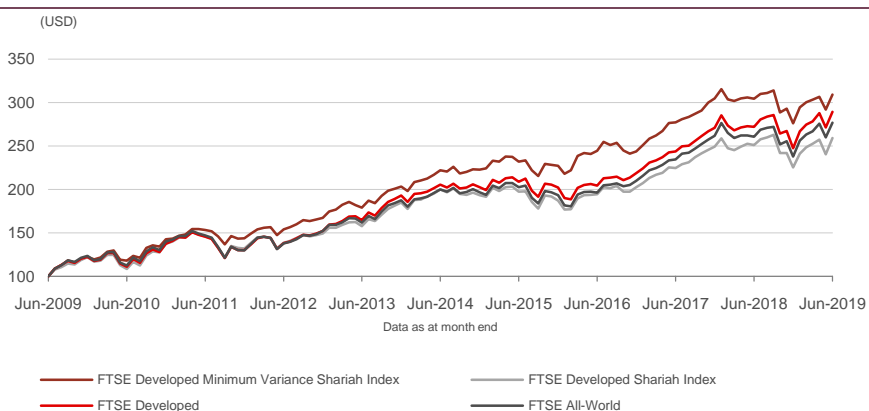
Data as at: 28 June 2019

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	1.9	12.1	12.1	1.6	26.4	39.2	8.1	6.8	9.2	9.2	10.3
FTSE Developed Shariah Index	2.7	15.1	15.1	3.3	33.2	29.7	10.0	5.3	12.0	10.7	11.8
FTSE Developed	4.0	16.9	16.9	6.3	41.7	40.9	12.3	7.1	11.8	10.4	11.7
FTSE All-World	3.7	16.4	16.4	6.1	41.0	38.5	12.1	6.7	11.6	10.5	11.7

\* 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

## 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.

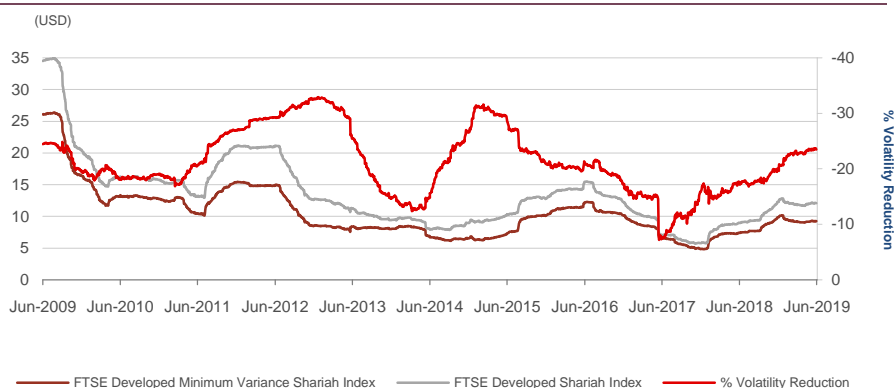
### About Yasaar Ltd

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.

**Year-on-Year Performance - Total Return**

Index % (USD)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FTSE Developed Minimum Variance Shariah Index	36.2	16.5	0.8	16.3	21.5	9.7	1.9	7.3	25.1	-9.5
FTSE Developed Shariah Index	31.0	12.6	-4.1	13.3	23.7	4.7	-3.2	8.1	23.1	-9.7
FTSE Developed	31.4	12.3	-5.5	17.0	26.8	5.1	-0.3	8.2	23.9	-8.6
FTSE All-World	36.2	13.2	-7.3	17.1	23.3	4.8	-1.7	8.6	24.6	-9.1

**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	0.2	0.9	0.7	1.1	-15.4	-17.0	-17.0	-17.0
FTSE Developed Shariah Index	0.3	1.0	0.5	0.8	-18.3	-18.4	-18.6	-21.9
FTSE Developed	0.6	1.2	0.6	0.8	-17.9	-18.5	-18.5	-22.3
FTSE All-World	0.6	1.2	0.6	0.8	-17.0	-19.0	-19.0	-23.0

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	ICB Sector	FTSE Developed Minimum Variance Shariah Index (Wgt %)	FTSE Developed Shariah Index (Wgt %)	Diff %
Newmont Goldcorp	USA	Mining	0.99	0.19	0.80
Evergy	USA	Electricity	0.76	0.09	0.67
Ameren Corp	USA	Gas Water & Multiutilities	0.66	0.11	0.55
Pinnacle West Capital Corp	USA	Electricity	0.63	0.06	0.57
Public Svc Enterprise Group	USA	Electricity	0.61	0.18	0.43
Exelon Corporation	USA	Electricity	0.59	0.28	0.31
Atmos Energy	USA	Gas Water & Multiutilities	0.59	0.07	0.52
Coca-Cola European Partners	USA	Beverages	0.56	0.06	0.50
Procter & Gamble	USA	Household Goods & Home Construction	0.55	1.64	-1.08
Church & Dwight	USA	Household Goods & Home Construction	0.52	0.11	0.41
<b>Totals</b>			<b>6.46</b>	<b>2.79</b>	

**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 Breakdown

Country	FTSE Developed Minimum Variance Shariah Index			FTSE Developed Shariah Index			FTSE Developed		
	No. of Cons	Net MCap (USDm)	Wgt %	No. of Cons	Net MCap (USDm)	Wgt %	No. of Cons	Net MCap (USDm)	Wgt %
Australia	40	693,793	5.47	51	458,002	2.77	98	1,076,673	2.55
Austria	2	21,597	0.17	4	16,585	0.10	8	32,264	0.08
Belgium	1	25,631	0.20	3	23,766	0.14	12	142,498	0.34
Canada	12	325,118	2.56	20	389,514	2.35	57	1,299,706	3.08
Denmark	10	208,159	1.64	14	187,078	1.13	22	246,563	0.58
Finland	7	100,425	0.79	10	111,473	0.67	15	175,001	0.42
France	21	309,054	2.44	43	851,867	5.15	86	1,552,973	3.68
Germany	28	366,515	2.89	51	780,439	4.72	82	1,265,750	3.00
Hong Kong	35	786,880	6.21	39	179,987	1.09	91	606,749	1.44
Ireland	2	44,981	0.35	2	11,368	0.07	5	36,808	0.09
Israel	-	-	-	-	-	-	26	70,881	0.17
Italy	8	135,023	1.06	17	179,288	1.08	37	358,122	0.85
Japan	163	2,064,515	16.28	291	1,720,455	10.40	512	3,611,296	8.57
Korea	28	350,076	2.76	70	485,010	2.93	137	679,131	1.61
Netherlands	6	83,357	0.66	11	193,170	1.17	27	496,401	1.18
New Zealand	7	245,607	1.94	8	24,203	0.15	12	44,241	0.10
Norway	5	85,047	0.67	11	63,979	0.39	17	104,897	0.25
Poland	3	28,682	0.23	6	19,564	0.12	14	52,423	0.12
Portugal	2	28,738	0.23	2	9,477	0.06	4	22,022	0.05
Singapore	11	275,090	2.17	12	51,818	0.31	37	201,954	0.48
Spain	8	151,703	1.20	12	186,925	1.13	30	432,019	1.02
Sweden	8	92,563	0.73	24	215,781	1.30	45	384,050	0.91
Switzerland	19	394,672	3.11	32	1,000,816	6.05	49	1,310,196	3.11
UK	40	601,042	4.74	62	1,165,933	7.05	133	2,469,837	5.86
USA	192	5,260,367	41.49	222	8,214,536	49.66	621	25,481,215	60.45
<b>Totals</b>	<b>658</b>	<b>12,678,633</b>	<b>100.00</b>	<b>1017</b>	<b>16,541,035</b>	<b>100.00</b>	<b>2177</b>	<b>42,153,669</b>	<b>100.00</b>

## ICB Supersector Breakdown

ICB Code	ICB Supersector	FTSE Developed Minimum Variance Shariah Index			FTSE Developed Shariah Index			FTSE Developed		
		No. of Cons	Net MCap (USDm)	Wgt %	No. of Cons	Net MCap (USDm)	Wgt %	No. of Cons	Net MCap (USDm)	Wgt %
0500	Oil & Gas	45	594,676	4.69	64	2,009,166	12.15	87	2,355,582	5.59
1300	Chemicals	36	445,202	3.51	75	836,909	5.06	87	978,677	2.32
1700	Basic Resources	25	586,470	4.63	58	681,532	4.12	65	698,470	1.66
2300	Construction & Materials	44	606,246	4.78	67	430,720	2.60	77	536,811	1.27
2700	Industrial Goods & Services	105	1,604,421	12.65	209	2,179,185	13.17	345	5,206,217	12.35
3300	Automobiles & Parts	32	391,789	3.09	55	412,784	2.50	74	880,340	2.09
3500	Food & Beverage	41	1,007,655	7.95	43	627,164	3.79	103	1,706,721	4.05
3700	Personal & Household Goods	61	1,112,808	8.78	82	1,126,987	6.81	132	2,261,524	5.36
4500	Health Care	73	1,578,479	12.45	103	3,217,665	19.45	161	4,950,067	11.74
5300	Retail	50	1,130,338	8.92	56	575,233	3.48	134	2,776,505	6.59
5500	Media	16	361,375	2.85	23	166,244	1.01	65	936,120	2.22
5700	Travel & Leisure	17	417,013	3.29	19	171,009	1.03	102	1,128,590	2.68
6500	Telecommunications	8	227,175	1.79	10	201,878	1.22	44	1,098,532	2.61
7500	Utilities	38	1,364,153	10.76	44	546,414	3.30	94	1,399,957	3.32
8300	Banks	-	-	-	-	-	-	134	3,366,165	7.99
8500	Insurance	-	-	-	-	-	-	96	2,039,538	4.84
8600	Real Estate	17	428,377	3.38	19	110,574	0.67	122	1,327,526	3.15
8700	Financial Services	1	13,266	0.10	4	18,410	0.11	108	1,896,602	4.50
9500	Technology	49	809,193	6.38	86	3,229,160	19.52	147	6,609,726	15.68
<b>Totals</b>		<b>658</b>	<b>12,678,633</b>	<b>100.00</b>	<b>1017</b>	<b>16,541,035</b>	<b>100.00</b>	<b>2177</b>	<b>42,153,669</b>	<b>100.00</b>

## Index Characteristics

Attributes	FTSE Developed Minimum Variance Shariah Index	FTSE Developed Shariah Index	FTSE Developed	FTSE All-World
Number of constituents	658	1017	2177	3928
Dividend Yield %	2.53	2.48	2.42	2.48
Constituent (Wgt %)				
Average	0.15	0.10	0.05	0.03
Largest	0.99	5.50	2.40	2.15
Median	0.13	0.04	0.02	0.01
Top 10 Holdings (Wgt %)	6.46	19.89	12.29	11.02

## 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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