

# FTSE Developed Minimum Variance Shariah Index

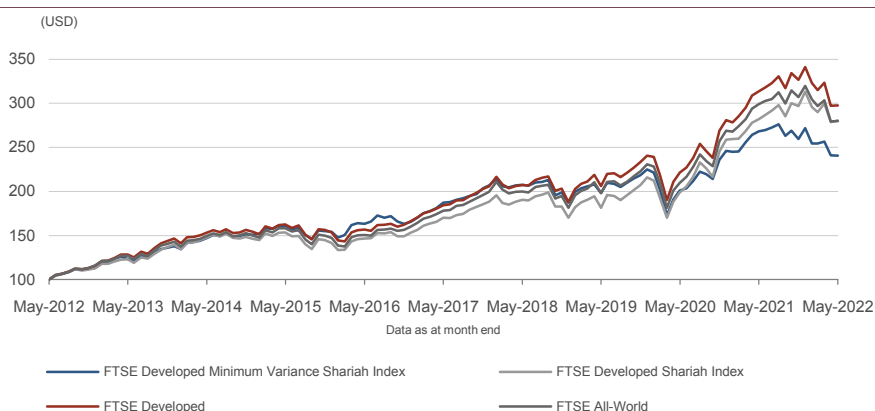
Data as at: 31 May 2022

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	-5.5	-7.3	-11.5	-10.3	21.5	28.4	6.7	5.1	11.0	17.9	14.7
FTSE Developed Shariah Index	-3.3	-5.5	-10.5	-0.6	54.5	64.7	15.6	10.5	14.5	20.0	16.1
FTSE Developed	-5.5	-8.8	-12.7	-5.0	44.4	61.4	13.0	10.1	15.1	20.2	16.0
FTSE All-World	-5.7	-8.8	-12.4	-6.4	41.3	57.2	12.2	9.5	14.4	19.8	15.7

\* 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.

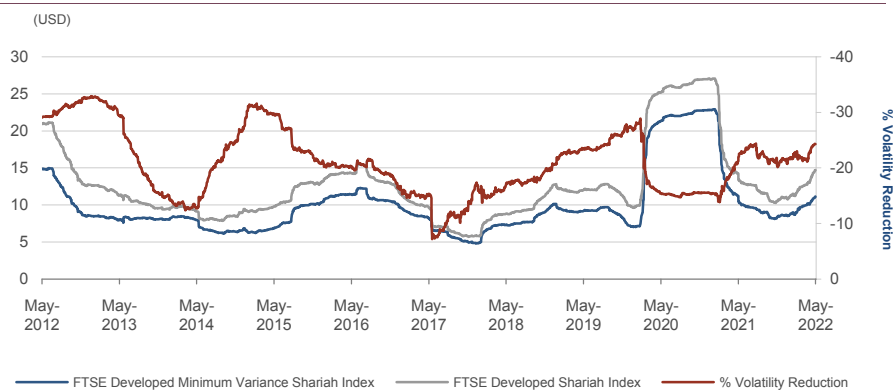
### About Yasaar Ltd

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)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
FTSE Developed Minimum Variance Shariah Index	16.3	21.5	9.7	1.9	7.3	25.1	-9.5	20.3	9.3	10.5
FTSE Developed Shariah Index	13.3	23.7	4.7	-3.2	8.1	23.1	-9.7	27.0	19.8	21.0
FTSE Developed	17.0	26.8	5.1	-0.3	8.2	23.9	-8.6	28.0	16.7	21.4
FTSE All-World	17.1	23.3	4.8	-1.7	8.6	24.6	-9.1	27.2	16.6	18.9

**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	-0.9	0.3	0.3	0.8	-17.9	-34.1	-34.1	-34.1
FTSE Developed Shariah Index	0.0	0.7	0.7	0.8	-16.1	-33.8	-33.8	-33.8
FTSE Developed	-0.3	0.5	0.6	0.9	-18.0	-34.0	-34.0	-34.0
FTSE All-World	-0.4	0.5	0.6	0.8	-18.0	-33.7	-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	ICB Sector	FTSE Developed Minimum Variance Shariah Index (Wgt %)	FTSE Developed Shariah Index (Wgt %)	Diff %
Coterra Energy Inc	USA	Oil Gas and Coal	0.65	0.11	0.54
J M Smucker	USA	Food Producers	0.60	0.06	0.55
Electronic Arts	USA	Leisure Goods	0.60	0.16	0.43
Church & Dwight	USA	Personal Care Drug and Grocery Stores	0.54	0.09	0.44
Newmont Corporation	USA	Precious Metals and Mining	0.54	0.23	0.31
Regeneron Phar	USA	Pharmaceuticals and Biotechnology	0.53	0.29	0.24
Pfizer	USA	Pharmaceuticals and Biotechnology	0.52	1.24	-0.73
Merck & Co	USA	Pharmaceuticals and Biotechnology	0.51	0.98	-0.47
Bristol Myers Squibb	USA	Pharmaceuticals and Biotechnology	0.49	0.69	-0.20
Akamai Technologies	USA	Software and Computer Services	0.49	0.07	0.42
<b>Totals</b>			<b>5.47</b>	<b>3.92</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	26	236,164	1.81	62	719,584	3.03	111	1,368,589	2.48
Austria	4	34,014	0.26	5	22,332	0.09	7	33,588	0.06
Belgium	3	49,043	0.38	3	26,437	0.11	16	152,935	0.28
Canada	7	152,775	1.17	14	479,537	2.02	51	1,741,328	3.16
Denmark	8	156,439	1.20	14	332,718	1.40	21	395,831	0.72
Finland	8	112,832	0.86	11	125,027	0.53	17	208,409	0.38
France	22	266,640	2.04	38	981,480	4.13	78	1,653,832	3.00
Germany	27	457,635	3.50	53	787,416	3.31	85	1,277,184	2.32
Hong Kong	36	736,412	5.64	36	132,601	0.56	90	520,770	0.94
Ireland	2	28,615	0.22	2	14,602	0.06	4	32,590	0.06
Israel	-	-	-	1	637	0.00	42	118,774	0.22
Italy	12	133,713	1.02	20	223,063	0.94	38	396,415	0.72
Japan	163	1,724,083	13.20	274	1,869,906	7.87	507	3,804,632	6.90
Korea	73	915,296	7.01	86	670,099	2.82	161	901,408	1.64
Netherlands	6	101,079	0.77	13	345,569	1.45	30	647,560	1.17
New Zealand	13	255,741	1.96	13	45,953	0.19	15	49,735	0.09
Norway	5	65,813	0.50	10	91,890	0.39	17	133,660	0.24
Poland	2	35,418	0.27	5	17,346	0.07	13	40,534	0.07
Portugal	2	14,867	0.11	3	26,769	0.11	4	32,385	0.06
Singapore	15	297,867	2.28	15	51,151	0.22	39	215,732	0.39
Spain	7	82,631	0.63	13	215,107	0.90	26	396,210	0.72
Sweden	8	73,682	0.56	35	295,861	1.24	61	523,690	0.95
Switzerland	29	564,955	4.32	36	1,178,076	4.96	52	1,538,228	2.79
UK	27	373,512	2.86	62	1,439,592	6.06	117	2,572,998	4.67
USA	201	6,194,111	47.42	235	13,677,271	57.54	622	36,355,229	65.97
<b>Totals</b>	<b>706</b>	<b>13,063,337</b>	<b>100.00</b>	<b>1059</b>	<b>23,770,024</b>	<b>100.00</b>	<b>2224</b>	<b>55,112,248</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 %
1010	Technology	74	1,318,676	10.09	116	5,719,835	24.06	223	11,847,895	21.50
1510	Telecommunications	28	552,550	4.23	30	571,227	2.40	69	1,683,256	3.05
2010	Health Care	115	2,614,294	20.01	138	5,096,786	21.44	196	7,099,847	12.88
3010	Banks	-	-	-	-	-	-	110	3,441,867	6.25
3020	Financial Services	1	17,350	0.13	4	16,467	0.07	102	2,410,401	4.37
3030	Insurance	-	-	-	-	-	-	88	1,755,308	3.18
3510	Real Estate	19	476,104	3.64	31	334,144	1.41	154	1,643,957	2.98
4010	Automobiles and Parts	21	259,925	1.99	47	1,015,606	4.27	68	1,557,237	2.83
4020	Consumer Products and Services	42	745,891	5.71	74	747,294	3.14	120	1,651,028	3.00
4030	Media	9	159,673	1.22	13	117,356	0.49	40	653,192	1.19
4040	Retailers	21	429,528	3.29	28	399,394	1.68	67	2,667,138	4.84
4050	Travel and Leisure	8	124,365	0.95	11	35,319	0.15	81	968,286	1.76
4510	Food Beverage and Tobacco	38	899,026	6.88	40	694,376	2.92	107	2,362,968	4.29
4520	Personal Care Drug and Grocery Stores	27	722,602	5.53	27	856,093	3.60	62	1,297,760	2.35
5010	Construction and Materials	36	399,657	3.06	65	569,999	2.40	75	618,607	1.12
5020	Industrial Goods and Services	133	2,198,290	16.83	218	2,629,547	11.06	353	6,641,660	12.05
5510	Basic Resources	31	513,679	3.93	58	1,063,792	4.48	66	1,095,273	1.99
5520	Chemicals	50	574,212	4.40	67	955,351	4.02	78	1,046,902	1.90
6010	Energy	20	383,729	2.94	50	2,420,369	10.18	65	2,867,645	5.20
6510	Utilities	33	673,785	5.16	42	527,070	2.22	100	1,802,021	3.27
<b>Totals</b>		<b>706</b>	<b>13,063,337</b>	<b>100.00</b>	<b>1059</b>	<b>23,770,024</b>	<b>100.00</b>	<b>2224</b>	<b>55,112,248</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	706	1059	2224	4128
Dividend Yield %	2.14	2.08	2.04	2.16
Constituent (Wgt %)				
Average	0.14	0.09	0.04	0.02
Largest	0.65	9.65	4.16	3.73
Median	0.11	0.03	0.01	0.00
Top 10 Holdings (Wgt %)	5.47	23.77	16.61	14.91

## 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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[info@ftserussell.com](mailto:info@ftserussell.com)

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 email [info@ftserussell.com](mailto:info@ftserussell.com); or  
 call your regional Client Services Team office:

### EMEA

+44 (0) 20 7866 1810

### North America

+1 877 503 6437

### Asia-Pacific

Hong Kong +852 2164 3333

Tokyo +81 3 6441 1430

Sydney +61 (0) 2 8823 3521