

# FTSE SET Shariah Index

Data as at: 28 June 2019

The FTSE SET 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 Stock Exchange of Thailand (SET). 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 the FTSE SET All-Share Index as a base universe, constituents are screened against a clear set of Shariah principles to create a robust Shariah-compliant index for the Thailand 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 stocks within the FTSE SET All-Share Index.

### 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 indices use 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 (THB)	Return %						Return pa %*		Volatility %**		
	3M	6M	YTD	12M	3YR	5YR	3YR	5YR	1YR	3YR	5YR
FTSE SET Shariah	3.2	10.1	10.1	7.2	27.7	27.1	8.5	4.9	12.6	12.4	13.9
FTSE SET All-Share	6.0	12.1	12.1	11.8	30.3	34.0	9.2	6.0	11.3	12.0	11.3

\* 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 % (THB)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FTSE SET Shariah	61.3	37.3	3.3	22.1	-3.5	9.3	-14.1	30.6	12.0	-5.1
FTSE SET All-Share	83.4	45.6	2.7	40.0	-6.2	19.7	-12.6	24.3	17.3	-8.3

**Return/Risk Ratio and Drawdown - Total Return**

Index (THB)	Return/Risk Ratio				Drawdown (%)			
	1YR	3YR	5YR	10YR	1YR	3YR	5YR	10YR
FTSE SET Shariah	0.6	0.7	0.4	0.7	-13.7	-15.5	-28.8	-28.9
FTSE SET All-Share	1.1	0.8	0.5	0.9	-11.9	-13.0	-23.1	-25.8

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

Drawdown - based on daily data

**Top 10 Constituents**

Constituent	ICB Sector	Net MCap (THBm)	Wgt %
PTT	Oil & Gas Producers	696,223	24.29
Siam Cement	Construction & Materials	396,480	13.83
Bangkok Dusit Medical Services PCL	Health Care Equipment & Services	228,140	7.96
PTT Exploration & Production	Oil & Gas Producers	186,028	6.49
PTT Global Chemical	Chemicals	129,855	4.53
Digital Telecommunications Infrastructure Fund	Technology Hardware & Equipment	101,401	3.54
Home Product Center PCL	General Retailers	98,272	3.43
Electricity Generating PCL	Electricity	86,663	3.02
Indorama Ventures PCL	Chemicals	83,730	2.92
Ratchaburi Electricity Generating Holding	Electricity	51,781	1.81
<b>Totals</b>		<b>2,058,573</b>	<b>71.82</b>

**INFORMATION****Index Universe**

FTSE SET All-Share Index

**Index Launch**

23 April 2009

**Base Date**

29 February 2008

**Base Value**

1000

**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**

USD, EUR, GBP, JPY, THB (real time in THB only)

**Review Dates**

Semi-annually in June and December

## ICB Supersector Breakdown

ICB Code	ICB Supersector	FTSE SET Shariah			FTSE SET All-Share		
		No. of Cons	Net MCap (THBm)	Wgt %	No. of Cons	Net MCap (THBm)	Wgt %
0500	Oil & Gas	6	963,248	33.61	12	1,080,758	13.94
1300	Chemicals	6	233,253	8.14	7	244,550	3.15
1700	Basic Resources	5	14,192	0.50	9	83,253	1.07
2300	Construction & Materials	11	461,018	16.08	20	601,133	7.75
2700	Industrial Goods & Services	16	104,015	3.63	30	729,978	9.41
3300	Automobiles & Parts	4	12,136	0.42	5	13,070	0.17
3500	Food & Beverage	5	50,962	1.78	15	257,468	3.32
3700	Personal & Household Goods	3	5,152	0.18	7	15,212	0.20
4500	Health Care	7	273,484	9.54	11	355,191	4.58
5300	Retail	4	145,126	5.06	9	604,078	7.79
5500	Media	3	38,324	1.34	7	61,678	0.80
5700	Travel & Leisure	3	59,023	2.06	14	373,004	4.81
6500	Telecommunications	1	35,603	1.24	3	340,960	4.40
7500	Utilities	6	194,826	6.80	17	419,478	5.41
8300	Banks	-	-	-	9	1,495,235	19.28
8500	Insurance	-	-	-	3	21,069	0.27
8600	Real Estate	12	108,530	3.79	32	575,458	7.42
8700	Financial Services	-	-	-	11	177,748	2.29
9500	Technology	5	167,459	5.84	11	304,461	3.93
<b>Totals</b>		<b>97</b>	<b>2,866,352</b>	<b>100.00</b>	<b>232</b>	<b>7,753,781</b>	<b>100.00</b>

## Index Characteristics

Attributes	FTSE SET Shariah	FTSE SET All-Share
Number of constituents	97	232
Net MCap (THBm)	2,866,352	7,753,781
Dividend Yield %	3.78	3.11
Constituent Sizes (Net MCap THBm)		
Average	29,550	33,421
Largest	696,223	696,223
Smallest	328	328
Median	4,951	6,708
Weight of Largest Constituent (%)	24.29	8.98
Top 10 Holdings (% Index MCap)	71.82	47.78



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Data definitions available from  
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