

# FTSE Developed Minimum Variance Shariah Index

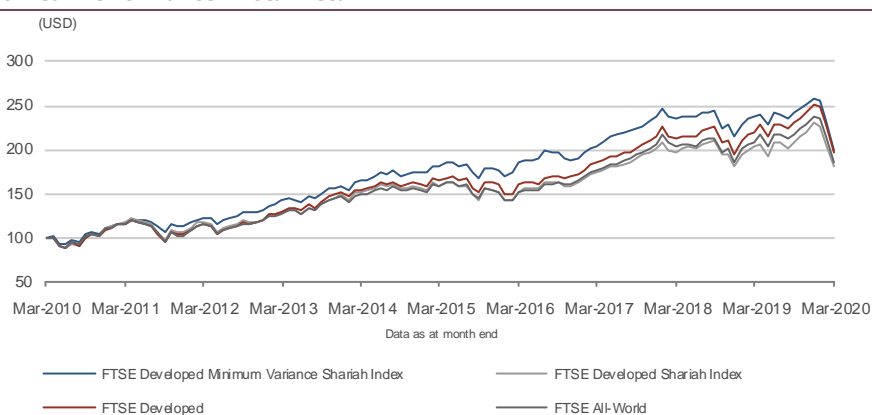
Data as at: 31 March 2020

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	-23.0	-17.6	-23.0	-15.8	-2.5	10.0	-0.9	1.9	19.1	15.8	13.2
FTSE Developed Shariah Index	-21.3	-13.1	-21.3	-10.8	3.9	13.7	1.3	2.6	23.0	17.2	13.8
FTSE Developed	-21.0	-14.0	-21.0	-10.0	7.2	20.5	2.4	3.8	24.5	16.9	13.8
FTSE All-World	-21.3	-14.1	-21.3	-10.8	5.9	18.2	1.9	3.4	23.5	17.0	13.9

\* 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.

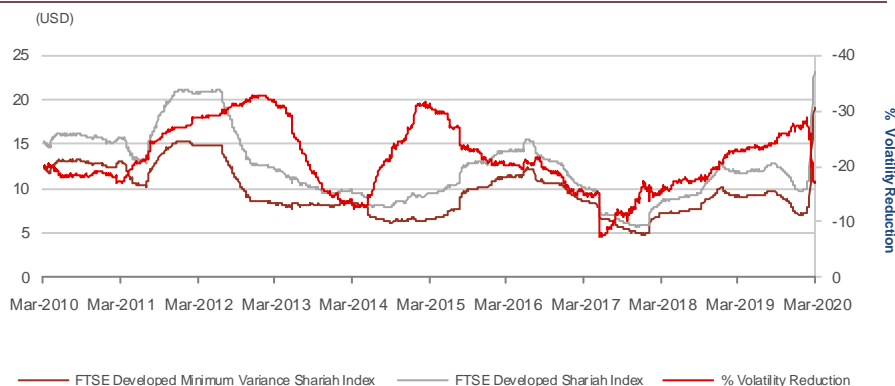
### About Yasaar Ltd

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)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
FTSE Developed Minimum Variance Shariah Index	16.5	0.8	16.3	21.5	9.7	1.9	7.3	25.1	-9.5	20.3
FTSE Developed Shariah Index	12.6	-4.1	13.3	23.7	4.7	-3.2	8.1	23.1	-9.7	27.0
FTSE Developed	12.3	-5.5	17.0	26.8	5.1	-0.3	8.2	23.9	-8.6	28.0
FTSE All-World	13.2	-7.3	17.1	23.3	4.8	-1.7	8.6	24.6	-9.1	27.2

**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	-0.8	-0.1	0.1	0.6	-34.1	-34.1	-34.1	-34.1
FTSE Developed Shariah Index	-0.5	0.0	0.2	0.4	-33.8	-33.8	-33.8	-33.8
FTSE Developed	-0.4	0.1	0.3	0.5	-34.0	-34.0	-34.0	-34.0
FTSE All-World	-0.4	0.0	0.2	0.5	-33.7	-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 %
Newmont Corporation	USA	Mining	0.71	0.27	0.45
Citrix Systems	USA	Software & Computer Services	0.61	0.12	0.49
Atmos Energy	USA	Gas Water & Multiutilities	0.60	0.09	0.51
Pinnacle West Capital Corp	USA	Electricity	0.56	0.06	0.50
Exelon Corporation	USA	Electricity	0.54	0.26	0.29
Church & Dwight	USA	Household Goods & Home Construction	0.54	0.11	0.42
Procter & Gamble	USA	Household Goods & Home Construction	0.52	1.93	-1.41
Cabot Oil & Gas	USA	Oil & Gas Producers	0.52	0.05	0.47
Keurig Dr Pepper	USA	Beverages	0.51	0.04	0.47
Barrick Gold	Canada	Mining	0.50	0.23	0.27
<b>Totals</b>			<b>5.61</b>	<b>3.16</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	46	595,264	6.04	56	332,389	2.40	104	735,791	2.06
Austria	3	27,098	0.28	4	10,852	0.08	8	19,718	0.06
Belgium	2	41,852	0.42	4	26,080	0.19	14	105,530	0.30
Canada	10	229,434	2.33	17	265,090	1.91	55	1,001,464	2.81
Denmark	7	125,499	1.27	11	196,919	1.42	20	252,005	0.71
Finland	7	84,682	0.86	10	93,558	0.67	15	142,227	0.40
France	20	215,614	2.19	36	588,453	4.25	85	1,195,304	3.35
Germany	24	324,744	3.30	46	574,023	4.14	84	986,219	2.76
Hong Kong	36	513,325	5.21	39	131,658	0.95	92	471,247	1.32
Ireland	2	43,477	0.44	2	10,151	0.07	5	29,591	0.08
Israel	-	-	-	-	-	-	30	62,970	0.18
Italy	10	153,505	1.56	17	143,945	1.04	40	280,297	0.79
Japan	170	1,856,421	18.85	284	1,546,889	11.16	509	3,247,503	9.10
Korea	30	268,591	2.73	65	429,309	3.10	136	559,475	1.57
Netherlands	4	38,152	0.39	10	194,621	1.40	30	461,391	1.29
New Zealand	8	157,029	1.59	8	22,602	0.16	12	37,979	0.11
Norway	6	64,249	0.65	11	42,173	0.30	16	68,465	0.19
Poland	4	27,109	0.28	6	10,511	0.08	14	31,157	0.09
Portugal	2	30,589	0.31	2	7,692	0.06	4	22,217	0.06
Singapore	10	167,100	1.70	11	31,817	0.23	38	148,027	0.41
Spain	8	103,104	1.05	9	144,774	1.04	26	298,683	0.84
Sweden	12	84,090	0.85	27	200,391	1.45	48	331,127	0.93
Switzerland	20	368,392	3.74	31	961,406	6.94	49	1,225,648	3.43
UK	33	340,123	3.45	54	747,912	5.40	131	1,828,095	5.12
USA	194	3,991,083	40.52	221	7,148,712	51.57	607	22,147,924	62.06
<b>Totals</b>	<b>668</b>	<b>9,850,525</b>	<b>100.00</b>	<b>981</b>	<b>13,861,928</b>	<b>100.00</b>	<b>2172</b>	<b>35,690,053</b>	<b>100.00</b>

## ICB Supersector Breakdown

ICB Code	ICB Supersector	FTSE Developed Minimum Variance Shariah Index			FTSE Developed Shariah Index			FTSE Developed Index		
		No. of Cons	Net MCap (USDm)	Wgt %	No. of Cons	Net MCap (USDm)	Wgt %	No. of Cons	Net MCap (USDm)	Wgt %
0500	Oil & Gas	43	412,015	4.18	62	1,042,216	7.52	83	1,238,826	3.47
1300	Chemicals	28	269,117	2.73	67	505,289	3.65	84	737,180	2.07
1700	Basic Resources	25	485,273	4.93	56	487,452	3.52	64	507,838	1.42
2300	Construction & Materials	45	444,995	4.52	59	337,231	2.43	75	439,213	1.23
2700	Industrial Goods & Services	107	1,228,179	12.47	203	1,661,195	11.98	344	4,001,403	11.21
3300	Automobiles & Parts	30	277,541	2.82	53	335,042	2.42	72	668,190	1.87
3500	Food & Beverage	40	848,357	8.61	43	572,100	4.13	104	1,486,323	4.16
3700	Personal & Household Goods	62	853,614	8.67	85	1,099,873	7.93	133	2,025,874	5.68
4500	Health Care	79	1,504,340	15.27	101	3,085,824	22.26	163	4,938,237	13.84
5300	Retail	47	825,910	8.38	50	506,667	3.66	132	2,474,570	6.93
5500	Media	16	218,966	2.22	16	86,276	0.62	62	858,147	2.40
5700	Travel & Leisure	18	259,317	2.63	18	111,659	0.81	101	781,354	2.19
6500	Telecommunications	10	252,146	2.56	11	164,084	1.18	47	967,962	2.71
7500	Utilities	37	860,626	8.74	37	395,867	2.86	90	1,286,711	3.61
8300	Banks	-	-	-	-	-	-	128	2,230,672	6.25
8500	Insurance	-	-	-	-	-	-	95	1,564,766	4.38
8600	Real Estate	18	312,884	3.18	20	70,046	0.51	123	1,087,927	3.05
8700	Financial Services	2	16,617	0.17	3	9,957	0.07	108	1,597,562	4.48
9500	Technology	61	780,626	7.92	97	3,391,150	24.46	164	6,797,297	19.05
<b>Totals</b>		<b>668</b>	<b>9,850,525</b>	<b>100.00</b>	<b>981</b>	<b>13,861,928</b>	<b>100.00</b>	<b>2172</b>	<b>35,690,053</b>	<b>100.00</b>

## Index Characteristics

Attributes	FTSE Developed Minimum Variance Shariah Index	FTSE Developed Shariah Index	FTSE Developed Index	FTSE All-World
Number of constituents	668	981	2172	3964
Dividend Yield %	3.13	2.92	2.94	3.00
Constituent (Wgt %)				
Average	0.15	0.10	0.05	0.02
Largest	0.71	7.55	3.34	2.98
Median	0.12	0.03	0.01	0.01
Top 10 Holdings (Wgt %)	5.61	22.75	14.99	13.55

## 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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