

# FTSE Japan 100 Shariah Index

Data as at: 31 December 2020

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:

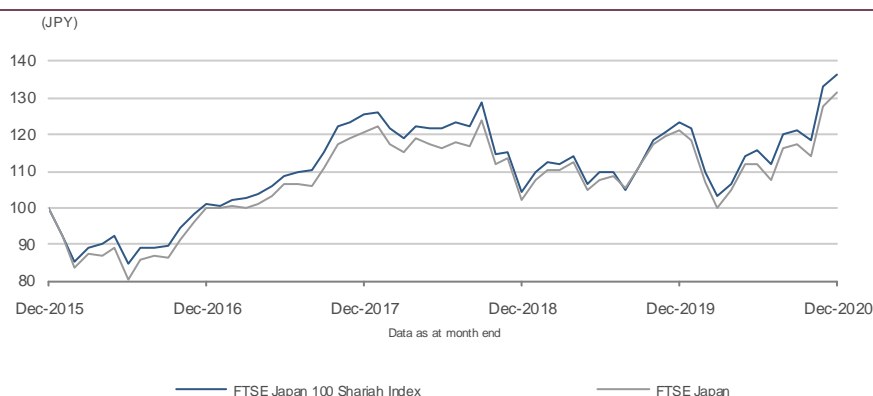
- Conventional finance (non-Islamic banking, finance and insurance, etc.);
- Alcohol;
- Pork related products and non-halal food production, packaging and processing or any other activity related to pork and non-halal food;
- Entertainment (casinos, gambling and pornography);
- Tobacco; weapons, arms 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	12.1	17.5	10.6	10.6	8.6	36.2	2.8	6.4	22.7	18.6	16.0
FTSE Japan	12.3	17.7	8.9	8.9	9.2	31.7	3.0	5.7	21.9	18.4	16.6

\* 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)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
FTSE Japan 100 Shariah Index	-15.4	13.5	54.8	17.6	11.0	0.8	24.4	-16.9	18.1	10.6
FTSE Japan	-18.0	21.5	54.8	10.3	11.5	-0.3	21.0	-15.3	18.3	8.9

**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	0.5	0.2	0.4	0.6	-28.5	-31.3	-31.3	-31.3
FTSE Japan	0.4	0.2	0.3	0.6	-28.7	-31.3	-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 %
SoftBank Group	Mobile Telecommunications	11,706,079	6.66
Daikin Industries	Construction & Materials	6,068,088	3.45
Nidec Corp	Electronic & Electrical Equipment	6,007,908	3.42
Recruit Holdings	Support Services	5,817,702	3.31
Tokyo Electron	Technology Hardware & Equipment	5,664,607	3.22
Murata Manufacturing	Electronic & Electrical Equipment	5,304,002	3.02
KDDI Corp	Mobile Telecommunications	5,200,973	2.96
Hitachi	Electronic & Electrical Equipment	3,755,328	2.14
Kao	Personal Goods	3,739,670	2.13
Chugai Seiyaku	Pharmaceuticals & Biotechnology	3,571,276	2.03
<b>Totals</b>		<b>56,835,633</b>	<b>32.35</b>

**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 %
0500	Oil & Gas	3	2,146,438	1.22	4	2,265,320	0.50
1300	Chemicals	7	7,428,305	4.23	32	21,796,817	4.82
1700	Basic Resources	2	2,164,370	1.23	13	4,924,724	1.09
2300	Construction & Materials	7	9,958,077	5.67	25	13,937,314	3.08
2700	Industrial Goods & Services	27	54,899,274	31.25	94	98,235,885	21.70
3300	Automobiles & Parts	8	11,601,654	6.60	28	41,154,222	9.09
3500	Food & Beverage	3	2,119,808	1.21	29	13,771,599	3.04
3700	Personal & Household Goods	8	15,334,471	8.73	39	50,677,015	11.20
4500	Health Care	10	20,501,463	11.67	39	50,346,481	11.12
5300	Retail	4	3,141,474	1.79	35	21,193,758	4.68
5500	Media	2	1,180,767	0.67	11	3,063,862	0.68
5700	Travel & Leisure	3	1,610,280	0.92	27	18,975,299	4.19
6500	Telecommunications	4	23,744,135	13.51	5	24,279,349	5.36
7500	Utilities	2	1,839,435	1.05	12	6,066,307	1.34
8300	Banks	-	-	-	26	19,476,405	4.30
8500	Insurance	-	-	-	7	10,079,959	2.23
8600	Real Estate	-	-	-	32	12,141,816	2.68
8700	Financial Services	-	-	-	16	9,045,486	2.00
9500	Technology	10	18,030,181	10.26	39	31,221,312	6.90
<b>Totals</b>		<b>100</b>	<b>175,700,131</b>	<b>100.00</b>	<b>513</b>	<b>452,652,931</b>	<b>100.00</b>

## Index Characteristics

Attributes	FTSE Japan 100 Shariah Index	FTSE Japan
Number of constituents	100	513
Net MCap (JPYm)	175,700,131	452,652,931
Dividend Yield %	-	2.06
Constituent Sizes (Net MCap JPYm)		
Average	1,757,001	882,364
Largest	11,706,079	19,552,859
Smallest	240,980	28,697
Median	1,209,257	345,147
Weight of Largest Constituent (%)	6.66	4.32
Top 10 Holdings (% Index MCap)	32.35	20.58



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