

# FTSE USA Shariah Index

Data as at: 28 June 2024

The FTSE Global Equity Shariah Index Series has been designed to be used as the basis of Shariah compliant investment products that meet the requirements of Islamic investors globally. Using the Large and Mid Cap stocks from the FTSE Global Equity Index Series as a base universe, constituents are then screened against a clear set of Shariah principles. Shariah screening is undertaken by Yasaar Limited, to create a Shariah compliant index series. The series has been fully certified as Shariah-compliant through the issue of a Fatwa (Islamic legal opinion) by Yasaar's principals.

The FTSE USA Shariah Index contains USA stocks that meet these criteria. Their approach is described below.

## Business Activity Screening

Initially, companies involved in any of the following activities will be filtered out as non Shariah-compliant:

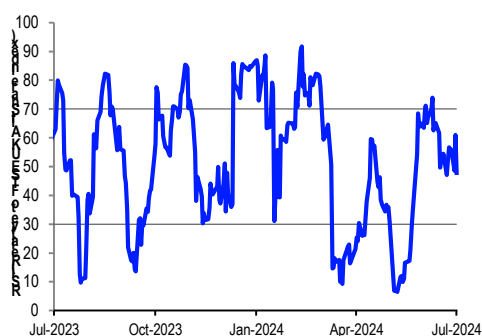
- Conventional finance (non-Islamic banking, finance and insurance, etc.);
- Alcohol;
- Pork related products and non-halal food production, packaging and processing or any other activity related to pork and non-halal food;
- Entertainment (casinos, gambling and pornography);
- Tobacco; weapons, arms 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.

## 10-Year Performance - Total Return



## FEATURES

### Coverage

The FTSE Global Equity Shariah Index Series covers all regions across both developed and emerging markets, to create a comprehensive Shariah indexing solution.

### Impartial

By partnering with Yasaar Ltd, an impartial consultancy and leading authority on Shariah, FTSE remains neutral and fully up to date with latest practices. See [www.yasaar.org](http://www.yasaar.org) for more information.

### Fatwa-certified

The FTSE USA Shariah Index has been fully certified as Shariah-compliant through the issue of a Fata (Islamic legal opinion) by Yasaar's principals.

### 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 categorised in accordance with the Industry Classification Benchmark (ICB), the global standard for industry sector analysis.

Performance and Volatility - Total Return

Index (USD)	Return %						Return pa %*		Volatility %**		
	3M	6M	YTD	12M	3YR	5YR	3YR	5YR	1YR	3YR	5YR
FTSE USA Shariah	4.7	11.7	11.7	19.3	39.8	121.5	11.8	17.2	12.0	17.8	19.0
FTSE USA	4.1	14.9	14.9	24.6	30.0	100.2	9.1	14.9	11.1	17.5	18.4

\* 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 % (USD)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
FTSE USA Shariah	13.0	-3.7	10.2	18.5	-5.7	30.2	25.5	29.4	-17.2	30.9
FTSE USA	13.3	1.0	11.8	22.1	-4.5	31.6	20.8	26.8	-19.3	27.1

Return/Risk Ratio and Drawdown - Total Return

Index (USD)	Return/Risk Ratio					Drawdown (%)			
	1YR	3YR	5YR	10YR		1YR	3YR	5YR	10YR
FTSE USA Shariah	1.7	0.7	0.9	0.8		-9.7	-22.9	-34.1	-34.1
FTSE USA	2.3	0.5	0.8	0.8		-10.0	-25.3	-34.1	-34.1

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

Top 10 Constituents - USA Shariah

Constituent	ICB Sector	FTSE USA Shariah (Wgt %)	FTSE USA (Wgt %)	Diff %
Microsoft Corp	Software and Computer Services	15.34	7.05	8.29
Apple Inc.	Technology Hardware and Equipment	14.13	6.50	7.63
Meta Platforms Inc	Software and Computer Services	5.10	2.34	2.76
Alphabet Class A	Software and Computer Services	4.94	2.27	2.67
Alphabet Class C	Software and Computer Services	4.17	1.92	2.25
Tesla	Automobiles and Parts	2.54	1.17	1.37
Exxon Mobil Corporation	Oil Gas and Coal	2.38	1.10	1.28
Procter & Gamble	Personal Care Drug and Grocery Stores	1.80	0.83	0.97
Johnson & Johnson	Pharmaceuticals and Biotechnology	1.63	0.75	0.88
Merck & Co	Pharmaceuticals and Biotechnology	1.45	0.67	0.78
Totals		53.48	24.60	

INFORMATION

Index Universe

FTSE USA Index

Index Launch

29 October 2007

Base Date

22 September 2003

Base Value

988.63

Investability Screen

Actual free float applied and liquidity screened

Index Calculation

Index calculated real time and end-of-day

End-of-Day-Distribution

Via FTP and email

Review Dates

Index is reviewed semi-annually in March and September. Shariah screening reviewed quarterly in March, June, September and December

Currency

EUR, GBP, USD, JPY

ICB Supersector Breakdown

		FTSE USA Shariah		FTSE USA		
ICB Code	ICB Supersector	No. of Cons	Wgt %	No. of Cons	Wgt %	Diff %
1010	Technology	45	57.91	83	37.56	20.35
1510	Telecommunications	4	0.97	14	2.01	-1.04
2010	Health Care	41	12.42	68	11.34	1.08
3010	Banks	-	-	16	3.26	-3.26
3020	Financial Services	-	-	36	4.86	-4.86
3030	Insurance	-	-	25	2.05	-2.05
3510	Real Estate	5	1.00	35	2.18	-1.18
4010	Automobiles and Parts	7	2.86	11	1.56	1.30
4020	Consumer Products and Services	13	2.37	18	1.50	0.87
4030	Media	6	0.27	17	1.40	-1.14
4040	Retailers	6	1.19	20	7.36	-6.18
4050	Travel and Leisure	3	0.07	23	1.91	-1.83
4510	Food Beverage and Tobacco	7	2.17	25	2.59	-0.42
4520	Personal Care Drug and Grocery Stores	5	2.48	11	1.75	0.73
5010	Construction and Materials	5	0.90	8	0.57	0.32
5020	Industrial Goods and Services	36	5.82	90	10.43	-4.61
5510	Basic Resources	6	0.76	8	0.54	0.23
5520	Chemicals	9	1.68	12	0.95	0.72
6010	Energy	16	6.60	25	3.71	2.90
6510	Utilities	4	0.52	34	2.48	-1.96
Totals		218	100.00	579	100.00	

Index Characteristics

Attributes	FTSE USA Shariah	FTSE USA
Number of constituents	218	579
Net MCap (USDm)	21,645,179	47,073,217
Dividend Yield %	1.09	1.31
Constituent Sizes (Net MCap USDm)		
Average	99,290	81,301
Largest	3,319,306	3,319,306
Smallest	407	407
Median	29,370	29,365
Weight of Largest Constituent (%)	15.34	7.05
Top 10 Holdings (% Index MCap)	53.46	34.53



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