

FTSE IdealRatings Sukuk Index to Incorporate IdealRatings Shariah Screening Methodology

Effective for June 2020 profiles, the methodology for the FTSE Sukuk Index will incorporate the rules-based Sukuk Shariah screening methodology developed by IdealRatings and will be rebranded as the FTSE IdealRatings Sukuk Index. To be eligible for inclusion to the index, bonds must be assigned a 'pass' score based on IdealRatings indicators. The FTSE IdealRatings Sukuk Index will continue to track the market for US Dollar-denominated, investment-grade sukuk that are issued in the global markets.

As a result of the change in Sukuk screening methodology, 11 securities with \$12.8 billion in market value will be excluded from the FTSE IdealRatings Sukuk Index, effective with the June 2020 profiles. These securities represent 15.2% index weight as of 31 March 2020. Details of these securities can be found in the below table.

Figure 1. Securities to be excluded from the FTSE IdealRatings Sukuk Index due to the change in screening methodology.

ISIN	Issuer	Coupon	Maturity Date	Market Value*	Index Weight (%)
XS1984261484	IDB TRUST SVCS LTD	2.84	04/25/2024	1,616	1.91
XS2059789508	IDB TRUST SVCS LTD	1.96	10/02/2024	1,566	1.85
XS1365520151	IDB TRUST SVCS LTD	1.78	03/10/2021	1,509	1.78
XS1882681536	IDB TRUST SVCS LTD	3.39	09/26/2023	1,418	1.68
XS1789173157	IDB TRUST SVCS LTD	3.10	03/15/2023	1,323	1.56
XS1595895951	IDB TRUST SVCS LTD	2.39	04/12/2022	1,292	1.53
XS1529847409	IDB TRUST SVCS LTD	2.26	12/07/2021	1,288	1.52
XS1687330032	IDB TRUST SVCS LTD	2.26	09/26/2022	1,282	1.51
XS1382802095	AXIATA SPV2 BHD	4.36	03/24/2026	551	0.65
XS1876097129	AHB SUKUK CO LTD	4.38	09/19/2023	504	0.60
XS1916450064	IDB TRUST SVCS LTD	3.29	11/26/2021	496	0.59

* in USD millions. Source: FTSE Russell. Data as of 31 March 2020.

Effective with June 2020 profiles, the credit quality criteria for the index will require that bonds have minimum of BBB- ratings from S&P or Baa3 rating from Moody's to be eligible for inclusion. Effective from the June 2020 profiles, 2 securities with \$1.9 billion in market value will also be excluded from the index as they do not carry a

FTSE Fixed Income LLC	US	EMEA	Hong Kong	Singapore	Japan
28 Liberty Street 58 th Floor New York, NY 10005	+1 646 989 2022 fi.index@ftserussell.com	+44 20 7334 8963 fi.index@ftserussell.com	+852 2164 3288 fi.index@ftserussell.com	+65 6950 3850 fi.indexjp@ftserussell.com	+81 3 4563 6346 fi.indexjp@ftserussell.com



rating from S&P or Moody’s. These securities represent 2.3% index weight as of 31 March 2020. Details of these securities can be found in the below table.

Figure 2. Securities to be excluded from the FTSE IdealRatings Sukuk Index due to the change in credit quality criteria.

ISIN	Issuer	Coupon	Maturity Date	Market Value*	Index Weight (%)
XS1418855455	EI SUKUK CO LTD	3.54	05/31/2021	997	1.18
XS1210507650	RAK CAP	3.09	03/31/2025	939	1.11

* in USD millions. Source: FTSE Russell. Data are as of 31 March 2020.

FTSE Russell would like to clarify the coupon eligibility criteria for the FTSE Sukuk Index, noting that the following coupon types are eligible: fixed-rate, fixed-to-floating rate, floating-rate and fixed-rate bonds that step up according to a predetermined schedule. There is no impact to index eligibility as a result of this clarification.

FTSE Russell intends to further expand its family of Shariah compliant fixed income solutions to capture non-investment grade securities, Sukuk issued in other hard currencies, and additional local currency global Sukuk markets.

Please contact us at fi.index@ftserussell.com with any comments or questions.

FTSE Russell

FTSE Fixed Income LLC	US	EMEA	Hong Kong	Singapore	Japan
28 Liberty Street 58 th Floor New York, NY 10005	+1 646 989 2022 fi.index@ftserussell.com	+44 20 7334 8963 fi.index@ftserussell.com	+852 2164 3288 fi.index@ftserussell.com	+65 6950 3850 fi.indexjp@ftserussell.com	+81 3 4563 6346 fi.indexjp@ftserussell.com

© 2020, FTSE Fixed Income LLC ("FTSE FI"). All rights reserved. Reproduction of the data and information herein (collectively, "FTSE FI Data") in any form is prohibited except with the prior written permission of FTSE FI. Although the FTSE FI Data is believed to be reliable, FTSE FI makes no representation as to the accuracy, adequacy, completeness or availability of the FTSE FI Data and is not responsible for any errors or omissions or for the results obtained from the use of FTSE FI Data. FTSE FI GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall FTSE FI be liable for any direct, indirect, special or consequential damages in connection with any use of the FTSE FI Data.