

**S&P Dow Jones  
Indices**

A Division of **S&P Global**

# **S&P BRIC Shariah *Methodology***

April 2021

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# Introduction

## Index Objective and Highlights

The S&P BRIC Shariah measures the performance of leading Shariah-compliant companies from the S&P/IFCI country indices of Brazil, Russia, India, and China, that are listed and trading on the Hong Kong Stock Exchange (HKSE), London Stock Exchange (LSE), Nasdaq, and NYSE.

The index is a member of the S&P Shariah index family.

*For more information on the S&P Shariah index family, please refer to the S&P Shariah Indices Methodology available at [www.spdji.com](http://www.spdji.com).*

*For more information on the S&P/IFCI Country Indices, please refer to the S&P Global BMI, S&P/IFCI Methodology available at [www.spdji.com](http://www.spdji.com).*

## Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>
S&P Dow Jones Indices' Float Adjustment Methodology	<a href="#">Float Adjustment Methodology</a>

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

# Eligibility Criteria

## Index Universe

The index universe consists of all the Shariah-compliant constituents of the S&P/IFCI country indices for Brazil, Russia, India, and China that are listed on the HKSE, LSE, Nasdaq, and NYSE.

*For more information on Shariah, please refer to the S&P Shariah Indices Methodology available on our Web site, [www.spdji.com](http://www.spdji.com).*

## Eligibility Factors

At each rebalancing, companies in the index universe must satisfy the following to be eligible for index inclusion:

- **Market Capitalization.** Companies must have a float-adjusted market capitalization (FMC) equal to or greater than US\$ 1 billion (US\$ 750 million for current constituents).
- **Liquidity.** Companies must have a minimum six-month average daily value traded (ADVT) of US\$ 5 million (US\$ 4 million for current constituents).
- **Multiple Share Classes.** Each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology..

# Index Construction

## Constituent Selection

At each rebalancing, eligible stocks in the index universe are ranked in decreasing order by FMC. The highest ranked 30 stocks are selected and become index constituents, subject to the following selection buffer:

- The highest ranked 25 stocks are automatically selected for index inclusion.
- Current constituents ranked in the top 35 remain in the index.

If fewer than 30 constituents are selected the Index Committee may relax the market capitalization threshold to ensure a minimum of 30 stocks are in the index at each rebalancing.

## Constituent Weightings

At each rebalancing, the index is FMC weighted, subject to the following constraints:

- No single constituent's weight can exceed 10%.
- The minimum initial portfolio size that can be turned over in a single day (based on six-month ADVT) cannot be lower than US\$ 400 million.

## Index Calculations

The index is calculated by means of the divisor methodology used in all S&P Dow Jones Indices equity indices.

*For more information on the index calculation methodology, please refer to the Capped Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Maintenance

## Rebalancing

The index rebalances semi-annually, effective after the close on the third Friday of June and December of each year. The rebalancing reference dates are the third Friday of May and November, respectively.

## Additions and Deletions

**Additions.** Except for spin-offs, companies are only added to the index at the rebalancings.

**Spin-offs.** Spin-offs are added at a zero price at the market close of the day before the ex-date (with no divisor adjustment) and removed after at least one day of regular way trading (with a divisor adjustment), regardless of Shariah compliance.

**Deletions.** Companies removed due to corporate events, such as mergers, acquisitions, takeovers, or delistings, are removed as soon as possible.

**Monthly Shariah Review.** In addition to the rebalancings, the index is reviewed monthly for Shariah compliance. Companies that fail to comply with Shariah law are removed after the close of business on the third Friday of each month. No companies are added to the index during the monthly Shariah review.

## Corporate Actions

For more information, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## Investable Weight Factor (IWF)

All issues in the index are assigned a float factor, called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company.

*Please refer to S&P Dow Jones Indices' Float Adjustment Methodology for details.*

## Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it can be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

## Currency of Calculation and Additional Index Return Series

The index calculates in U.S. dollars and euros.

WM/Refinitiv foreign exchange rates are taken daily at 04:00 PM London time, and used in the calculation of the index. These mid-market fixings are calculated by The WM Company based on Refinitiv data and appear on Refinitiv pages WMRA.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse,

leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

*For information on index calculation, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

*For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at [www.spdji.com](http://www.spdji.com).*

### **Base Dates and History Availability**

Index history availability, base date, and base value are shown in the table below.

<b>Index</b>	<b>Launch Date</b>	<b>First Value Date</b>	<b>Base Date</b>	<b>Base Value</b>
S&P BRIC Shariah	05/22/2007	03/30/2007	03/30/2007	1000

# Index Data

## Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“`.SDL`”).

*For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.*

*For more information on the calculation of return types, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Governance

## **Index Committee**

The S&P BRIC Shariah Index is maintained by the Global Benchmarks Index Committee. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

*For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

# Index Policy

## Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

*For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices seven business days prior to the rebalancing, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

*Please visit [www.spdji.com](http://www.spdji.com) for a complete schedule of rebalancing timelines and pro-forma delivery times.*

## Holiday Schedule

The index is calculated daily, throughout the calendar year. The only days the index is not calculated are on days when all exchanges where the S&P BRIC Shariah constituents are listed (HKSE, LSE, Nasdaq, and NYSE) are officially closed.

*A complete holiday schedule for the year is available at [www.spdji.com](http://www.spdji.com).*

## Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

## Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

*For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

**Contact Information**

For questions regarding an index, please contact: [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spdji.com](http://www.spdji.com), major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

## Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to [S&P DJI's All Indices by Methodology Report](#) for a complete list of indices covered by this document.

Index	Return Type	Bloomberg	RIC
S&P BRIC Shariah (USD)	Price Return	SPSHBR	.SPSHBR
	Total Return	SPSHBRT	.SPSHBRT
	Net Total Return	SPSHBRN	.SPSHBRN
S&P BRIC Shariah (EUR)	Price Return	SPSHBRE	.SPSHBRE
	Total Return	SPSHBRET	.SPSHBRET
	Net Total Return	SPSHBREN	.SPSHBREN

## Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, [www.spdji.com/contact-us](http://www.spdji.com/contact-us).

## Web site

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spdji.com](http://www.spdji.com).

# Appendix

## Methodology Changes

Methodology changes since January 1, 2015 are as follows:

<b>Change</b>	<b>Effective Date (After Close)</b>	<b>Previous</b>	<b>Methodology Updated</b>
Market Capitalization	03/24/2016	Stocks must have a float-adjusted market capitalization above US\$ 1 billion.	Companies being added to the index must have a float-adjusted market capitalization equal to or greater than US\$ 1 billion (US\$ 750 million for current index constituents).
Liquidity	03/24/2016	Stocks must have a six-month average daily value traded above US\$ 5 million.	Companies being added to the index must have a minimum six-month average daily value traded (ADVT) of US\$ 5 million (US\$ 4 million for current index constituents).

# Disclaimer

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