

S&P
INDICES

S&P BRIC SHARIAH

INDEX METHODOLOGY

March 2010

Table of Contents

Introduction	3
Shariah Screening	3
Highlights	4
Eligibility Criteria	5
Index Eligibility	5
Eligibility Factors	6
Timing of Changes	6
Additions. No companies are added to the index between rebalancings.	6
Index Construction	7
Approaches	7
Constituent Weightings	8
Index Calculations	9
Index Maintenance	11
Rebalancing	11
Index Governance	13
Index Committee	13
Shariah Expertise	13
The Shariah Supervisory Board	13
Index Policy	15
Announcements	15
Pricing	15
Holiday Schedule	15
Unscheduled Market Closures	15
Index Dissemination	16
Tickers	16

FTP	16
S&P Contact Information	17
<hr/>	
Index Management	17
Media Relations	17
Index Operations & Business Development	17
Disclaimer	18
<hr/>	

Introduction

BRIC has become the well-known acronym for Brazil, Russia, India and China. Economists have determined that these countries could rank among the world's dominant economies by mid century, based on gross domestic product.

Standard & Poor's BRIC Shariah Index (S&P BRIC Shariah) is designed to provide exposure to the leading companies from the emerging markets of Brazil, Russia, India and China, while at the same time complying with Shariah law. Shariah is Islamic canonical law, which observant Muslims adhere to in their daily lives. Shariah has certain strictures regarding finance and commercial activities permitted for Muslims. The Shariah compliant constituents in the Index represent the most liquid stocks trading on developed market exchanges – specifically the Hong Kong Stock Exchange, the London Stock Exchange, Nasdaq and NYSE Euronext.

Shariah Screening

Standard & Poor's has contracted with Ratings Intelligence Partners (RI) to provide the Shariah screens and filter the stocks based on these screens. Ratings Intelligence Partners is a London/Kuwait-based consulting company specializing in solutions for the global Islamic investment market. Its team consists of qualified Islamic researchers who work directly with a Shariah Supervisory Board. It is continually working with regional banks to create Shariah-compliant equity products and expand investment offerings.

RI works with a Shariah Supervisory Board, which is a board of Islamic scholars serving to interpret business issues and recommend actions related to business decisions for the indices. The members are:

- Dr. Muhammad Ali Elgari – PhD in Economics from the University of California, U.S.A.
- Dr. Abdul Sattar Abu Ghuddah – PhD in Islamic Law from Al Azhar University, Cairo, Egypt
- Dr. Nazih Hammad – PhD in Islamic Law from the University of Cairo, Egypt.
- Dr. Mohammad Amin Ali-Qattan – PhD in Islamic Banking, University of Birmingham, United Kingdom

Highlights

Constituent companies are members of the S&P/IFCI index series that meet minimum market capitalization and liquidity requirements. These companies are screened for Shariah compliance as defined by the strictest standards observed by Middle Eastern countries. The index uses a modified market capitalization-weighting scheme. Modifications are made to market cap weights, if required, to reflect available float, reduce single stock concentration and enhance index basket liquidity. The S&P BRIC Shariah is a member of the S&P Shariah index family.

Eligibility Criteria

Index Eligibility

To be eligible for the S&P BRIC Shariah Index, companies must first be constituents of the S&P/IFCI country indices for Brazil, Russia, India and China. They are, then, screened for Shariah compliance. Only those stocks that are compliant remain in the Shariah compliant universe. The final constituents are selected, from this universe, once all eligibility factors are met.

Shariah Sector-Based Screens

Business activities related to the following are excluded:

1. Advertising and Media (newspapers are allowed, sub-industries are analyzed individually)
2. Alcohol
3. Financials
4. Gambling
5. Pork
6. Pornography
7. Tobacco
8. Trading of gold and silver as cash on a deferred basis

During the selection process, each company's audited annual report is reviewed to ensure that the company is not involved in any non-Shariah compliant activities. Those that are found to be non-compliant are screened out. The above industries are not considered Islamic and would not be appropriate for investment for observant Muslims.

Accounting-Based Screens

After removing companies with non-compliant business activities, the rest of the companies are examined for compliance in financial ratios, as certain ratios may violate compliance measurements. Three areas of focus are leverage, cash, and the share of revenues derived from non-compliant activities. All of these are subject to evaluation on an ongoing basis

Leverage Compliance. This compliance is measured as:

Debt / Market Value of Equity (36 Month average) < 33 %

Cash Compliance. There are compliances with reference to cash holdings. They are:

Accounts Receivables / Market Value of Equity (36 Month average) < 49 %;

(Cash + Interest Bearing Securities) / Market Value of Equity (36 Month average) < 33%

Revenue Share from Non-Compliant Activities. In certain cases, revenues from non-compliant activities are permissible, if they comply with the following threshold:

Non-Permissible Income other than Interest Income) / Revenue < 5%

Dividend Purification Ratio. This ratio is provided to investors for purification purposes, it is calculated as:

Dividend * (Non Permissible Revenue / Total Revenue)

Eligibility Factors

Market Capitalization. Stocks must have a float-adjusted market capitalization above US\$ 1 billion.

Liquidity. Stocks must have six-month average daily value traded above US\$ 5 million.

Domicile. Brazilian, Russian, Indian and Chinese companies that list on the Hong Kong Stock Exchange, the London Stock Exchange, Nasdaq and/or the NYSE.

Timing of Changes

The index is reviewed monthly for any potential Shariah compliant changes. Removals due to failure to comply with Shariah law become effective after the close of business of the third Friday of each month. Removals due to corporate events are effective immediately.

In addition, the index will undergo a full rebalancing on the third Fridays of June and December.

Additions. No companies are added to the index between rebalancings.

Deletions.

- Removals due to failure to comply with Shariah law will be effective after the close of business of the third Friday of each month.
- Removals due to corporate events such as mergers, acquisitions, takeovers or delistings will be made as soon as possible.

Index Construction

Approaches

The S&P BRIC Shariah methodology employs a modified market capitalization-weighting scheme, using the divisor methodology used in most Standard & Poor's equity indices.

The methodology stipulates that, at rebalancing, no stock can have a weight of more than 10% in the index and the minimum initial portfolio size that can be turned over in a single day (based on recent trading volumes) cannot be lower than US\$ 400 million. In order to uphold these parameters, the index uses a modified market capitalization-weighting scheme. Modifications are made to market cap weights, if required, to reflect available float, reduce single stock concentration and enhance index basket liquidity.

There are basically two steps in the creation of the S&P BRIC Shariah index. The first is the selection of the index companies; the second is the weighting of the index constituents as follows:

1. All constituents of the S&P/IFCI country indices for Brazil, Russia, India and China comprise the initial selection universe.
2. All companies that do not have a developed market listing are removed from the list.
3. The remaining companies are screened for Shariah compliance.
4. The average six-month daily value traded (hereafter referred to as "liquidity") and float-adjusted market capitalization (hereafter referred to as "market cap"), as of the reference date, are measured.
5. All stocks with a market cap of less than US\$ 1 billion (the "Market Cap Threshold") and/or liquidity of less than US\$ 5 million (the "Liquidity Threshold") are removed.
6. If a company has multiple share classes, the share class with the lower liquidity is removed.
7. The remaining stocks are sorted in decreasing order of their float-adjusted market capitalization. The top 30 become index members.

Constituent Weightings

At each rebalancing, the weight for each index constituent is set in the following manner:

1. Every stock is given an initial Adjustment Factor (AF) of 1. Basket Liquidity (BL) and Maximum Weight (MW) are set to US\$ 400 million and 10%, respectively.
2. The weight for each stock in the index is calculated as follows:

$$W_i = \frac{AF_i * Market\ Cap_i}{\sum_{i=1}^{30} (Market\ Cap)_i * (AF)_i}$$

3. Trade size, S , is calculated for each stock as follows:

$$S_i = L_i/W_i$$

where L_i is the liquidity of the i^{th} stock, as defined by the six-month average daily value traded.

4. The adjustment factor for each stock is modified as follows:

If $S_i < BL$ and/or $W_i \geq MW$

Then $AF_i = AF_{i, previous} - 0.2$

Else $AF_i = AF_{i, previous}$

5. If, for every stock, $S_i \geq BL$ and $W_i < MW$, then the process is complete and the weights derived in step 2 are used. If not, steps 2, 3 and 4 are repeated until all stocks meet the market cap and liquidity requirements. (Note: No further adjustments are made for stocks which have $AF=0.2$).

The basket liquidity (BL) parameter essentially sets a limit of the minimum portfolio size that must be turned over in a single day, based on the historical average value-traded pattern. The MW parameter is the maximum weight of each stock at the rebalancing. These parameters can be changed depending upon market circumstances. Steps 1 through 5 modify the market cap-weighting scheme in a looped manner until the BL and MW constraints are satisfied for all index constituents.

Index Calculations

The index is calculated by means of the divisor methodology used in all Standard & Poor's equity indices. The index value is simply the index market value divided by the index divisor:

$$\text{Index Value} = \frac{\text{Index Market Value}}{\text{Index Divisor}} \quad (1)$$

$$\text{Index Market Value} = \sum_{i=1}^N (\text{Index Shares})_i * (\text{Price})_i \quad (2)$$

For more information on the Index calculation methodology, please refer to the Modified Market Capitalization Weighted Indices section of Standard & Poor's Index Mathematics Methodology.

In order to maintain basket series continuity, it is also necessary to adjust the divisor at the rebalancing.

$$(\text{Index Value})_{\text{before rebalancing}} = (\text{Index Value})_{\text{after rebalancing}} \quad (3)$$

Therefore,

$$\frac{(\text{Divisor})_{\text{after rebalancing}}}{(\text{Index Market Value})_{\text{after rebalancing}}} = \frac{(\text{Index Market Value})_{\text{before rebalancing}}}{(\text{Index Value})_{\text{before rebalancing}}} \quad (4)$$

The basket has a total return counterpart, which assumes dividends are reinvested in the basket after the close on the ex-date. On any given date t,

$$\text{Total Return Multiplier}_t = \frac{[\text{Index Value}_t + \text{Index Dividend Points}_t]}{\text{Index Value}_{t-1}} \quad (5)$$

$$\text{Total Return Index Value}_t = (\text{Total Return Index Value}_{t-1}) * (\text{Total Return Multiplier}_t) \quad (6)$$

$$\text{Index Dividend Points}_t = \sum_{i=1}^N (1 - \text{Tax Rate}_{i,t}) * \text{Index Shares}_{i,t} * (\text{Ex - dividends})_{i,t} / \text{Index Divisor}_t \quad (7)$$

The tax rate refers to withholding taxes on dividends imposed on a Luxembourg based holding company investing as a non-resident investor. Standard & Poor's may revise these rates annually in the second quarter of the year. The principal source for the rates is the annual Ernst & Young Worldwide Corporate Tax Guide. Standard & Poor's also consults other sources.

Index Dividend Points will be zero on those dates in which no basket constituents are going ex-dividends, while on other dates it will be a positive number. Therefore, returns calculated from Total Return Index Value will always be greater than or equal to returns from the Index Value.

Index Maintenance

Rebalancing

Frequency. Index rebalancings occur after the closing on the third Friday of June and December of each year. The rebalancing reference dates are the third Friday of May and November, respectively. No companies are added to the index between rebalancings.

In addition, the index will be reviewed monthly for any Shariah compliance changes. This may result in deletions of non-compliant companies.

Announcement of the new inclusions and/or deletions are announced to clients four to five business days prior to implementation.

Base Values and Inception Dates

The base value of the S&P BRIC Shariah Index is 1000 on March 30, 2007. Daily returns are available starting from that date.

Index Actions

Corporate Action	Adjustment made to index	Divisor adjustment
Spin-Off	No weight change. The price is adjusted to the Price of the Parent Company minus (Price of Spin-off company/Share Exchange Ratio). Index Shares change so that the company's weight remains the same as its weight before the spin-off.	No
Rights Offering	The price is adjusted to the Price before the rights issuance minus (Price of the Rights Offering/Rights Ratio). Index Shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock Split	Index Shares are multiplied by and price is divided by the split factor.	No
Share Issuance or Reduction	None	No
Special Dividends	Price of the stock making the special dividend payment is reduced by the per-share special dividend amount after the close of trading on the day before ex-date.	Yes
Delisting	The stock is removed. No replacements are made unless the number of constituents threatens to drop to less than 25. An announcement will be made to all clients beforehand.	Yes
Merger or acquisition	If the surviving company is already an index member, it is retained in the index. If the surviving company does not belong to BRIC countries or does not maintain the exchange listing included in the index or is no longer Shariah compliant, it is removed.	Yes, if there is a removal.

Index Governance

Index Committee

The S&P Global Thematic and Strategy Indices Committee maintains the index. The Index Committee members are all full-time professional members of Standard & Poor's staff. The Index Committee meets as needed. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, share counts, the Liquidity Threshold, the Market Cap Threshold, Basket Liquidity and Maximum Weight, or other matters. In the rare event that less than 30 stocks qualify for inclusion at the rebalancing, Standard & Poor's may modify the criteria to include multiple share classes or reduce the market cap limit, in that order.

Standard & Poor's considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

Shariah Expertise

Standard & Poor's has contracted with Ratings Intelligence Partners which is a London/Kuwait based Shariah consultancy. The company was established in 2000 to develop leading-edge solutions for the global Islamic investment market. Its current focus is on consulting leading hedge fund organizations in the implementation of Shariah compliant hedge funds. The emphasis is presently on equity long/short strategies; however, work is underway to expand the process to other strategies, subject to Shariah approval.

The Shariah Supervisory Board

Dr. Muhammad Ali El-Gari.

- PhD in Economics from the University of California, California, United States.
- Professor of Islamic Economics, King Abdul Aziz University, Jeddah, Saudi Arabia.
- Former Director, Centre for Research in Islamic Economics, King Abdulaziz University.
- Member, Academic Committee, Islamic Development Bank, Jeddah.
- Member of Islamic Fiqh1 Academy, Jeddah.
- Editor, Review of Islamic Economics, London (Journal of the International Association of Islamic Economics).

- Shariah board member for National Commercial Bank (Saudi Arabia), Citi Islamic Investment Bank (Saudi Arabia), Saudi American Bank, Saudi British Bank and Dow Jones Islamic Index (United States).

Dr. Abdul Sattar Abu Ghuddah.

- Holds Licenses in Islamic Law from Damascus University, Syria.
- PhD in Islamic Law from Al Azhar University, Cairo, Egypt.
- MSc in Islamic Law and Hadith.
- Shariah advisor of several Islamic financial, banking and governmental institutions.
- Advisor for Islamic Law Encyclopedia (Kuwait Awqaf Ministry).
- Shariah board member for Al-Baraka Islamic Investment Co (Saudi Arabia), Dow Jones Islamic Index (United States), Al-Tawfeek Co (Saudi Arabia) and SAMBA (Riyadh).

Dr. Nazih Hammad.

- PhD in Islamic Law from the University of Cairo, Egypt.
- Former Professor at the college of Shariah, Um Alqura University, Makkah Al Mukkarmah for 17 years.
- Member of the Islamic Fiqh1 Academy, Jeddah, Saudi Arabia (Organization of Islamic Countries).
- Graduate of the University of Damascus, Syria.
- Shariah board member for Citi Islamic Investment Bank (Bahrain), Permal Asset Management (United States).

Dr. Mohammad Amin Ali Qattan.

- PhD in Islamic Banking from Birmingham University, UK and BA in Islamic Economics from Saudi Arabia.
- Director of the Islamic Economics Unit, College of Business Administration, Kuwait University.
- Faculty member at the American University of Cairo in 2006, Lecturer at the College of Trading Studies in Kuwait.
- Author and presenter of many articles and books in Islamic Economics, accredited trainer in the Islamic business field by many institutions inside and outside Kuwait.
- Member of Shari‘a Control Committees in many Islamic financial firms in Kuwait, USA, London, Geneva, Kenya and Bahrain.

Index Policy

Announcements

Index rebalancing announcements are made at 5:15 p.m. Eastern Time four to five business days before the effective date via email to clients. No separate announcements are made for routine corporate actions whose index implications are discussed in this document. All corporate events impacting the index are announced in the daily corporate actions files delivered to clients via FTP. If required, special or unusual events will be announced to all clients via email.

Pricing

The pricing of index members is taken from the stocks included in the index -- specifically their developed market listing. If a single stock is trading in multiple developed markets, only the listing from the market with most liquidity is considered.

All calculations to arrive at the membership and weightings are made in U.S. Dollars. The index is calculated in U.S. Dollars, with the Reuters/WM London closing fix being used to convert the local market prices to U.S. Dollars. The index is also calculated in Euros.

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 (NYSE Euronext, NASDAQ, HKSE, and LSE) are officially closed or if WM Reuters' exchange rates services are not published.

A complete holiday schedule for the year is available on Standard & Poor's Web site at www.indices.standardandpoors.com.

Unscheduled Market Closures

In situations where an exchange is forced to close early due to unforeseen events, such as computer or electric power failures, weather conditions or other events, Standard & Poor's will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each stock before the exchange closed. In all cases, the prices will be from the exchange listing included in the index. If an exchange fails to open due to unforeseen circumstances, the index will use the prior day's closing prices. If all exchanges fail to open, Standard & Poor's may determine not to publish the index for that day.

Index Dissemination

Tickers

Index returns are available on most vendor platforms. Reuters and Bloomberg tickers are as follows:

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

FTP

Daily stock level, index data and corporate action files are available via FTP on subscription.

For further information, please refer to Standard & Poor's Web site at www.indices.standardandpoors.com or contact a Standard & Poor's account manager.

S&P Contact Information

Index Management

David M. Blitzler, Ph.D. – Managing Director & Chairman of the Index Committee	
david_blitzler@standardandpoors.com	+1.212.438.3907
Winnie Wong – Global Index Manager	
winnie_wong@standardandpoors.com	+1.212.438.3526

Media Relations

David Guarino – Communications	
dave_guarino@standardandpoors.com	+1.212.438.1471

Index Operations & Business Development

North America

New York – Clients Services

index_services@standardandpoors.com	+1.212.438.2046
-------------------------------------	-----------------

Toronto

Jasmit Bhandal	+1.416.507.3203
----------------	-----------------

Europe

London

Susan Fagg	+44.20.7176.8888
------------	------------------

Asia

Tokyo

Seiichiro Uchi	+813.4550.8568
----------------	----------------

Beijing

Andrew Webb	+86.10.6569.2919
-------------	------------------

Sydney

Guy Maguire	+61.2.9255.9822
-------------	-----------------

Disclaimer

Copyright © 2010 by The McGraw-Hill Companies, Inc. Redistribution, reproduction and/or photocopying in whole or in part is prohibited without written permission. All rights reserved. “S&P” and “Standard & Poor’s” are registered trademarks of Standard & Poor’s Financial Services LLC. This document does not constitute an offer of services in jurisdictions where Standard & Poor’s or its affiliates do not have the necessary licenses. Standard & Poor’s receives compensation in connection with licensing its indices to third parties. All information provided by Standard & Poor’s is impersonal and not tailored to the needs of any person, entity or group of persons. Standard & Poor’s and its affiliates do not sponsor, endorse, sell, promote or manage any investment fund or other vehicle that is offered by third parties and that seeks to provide an investment return based on the returns of any Standard & Poor’s index. Standard & Poor’s is not an investment advisor, and Standard & Poor’s and its affiliates make no representation regarding the advisability of investing in any such investment fund or other vehicle. A decision to invest in any such investment fund or other vehicle should not be made in reliance on any of the statements set forth in this presentation. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Inclusion of a security within an index is not a recommendation by Standard & Poor’s to buy, sell, or hold such security, nor is it considered to be investment advice. Standard & Poor’s does not guarantee the accuracy and/or completeness of any Standard & Poor’s index, any data included therein, or any data from which it is based, and Standard & Poor’s shall have no liability for any errors, omissions, or interruptions therein. Standard & Poor’s makes no warranties, express or implied, as to results to be obtained from use of information provided by Standard & Poor’s and used in this service, and Standard & Poor’s expressly disclaims all warranties of suitability with respect thereto. While Standard & Poor’s has obtained information believed to be reliable, Standard & Poor’s shall not be liable for any claims or losses of any nature in connection with information contained in this document, including but not limited to, lost profits or punitive or consequential damages, even if it is advised of the possibility of same. These materials have been prepared solely for informational purposes based upon information generally available to the public from sources believed to be reliable. Standard & Poor’s makes no representation with respect to the accuracy or completeness of these materials, the content of which may change without notice. The methodology involves rebalancings and maintenance of the indices that are made periodically during each year and may not, therefore, reflect real time information. Analytic services and products provided by Standard & Poor’s are the result of separate activities designed to preserve the independence and objectivity of each analytic process. Standard & Poor’s has established policies and procedures to maintain the confidentiality of non-public information received during each analytic process. Standard & Poor’s and its affiliates

provide a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

Analytic services and products provided by Standard & Poor's are the result of separate activities designed to preserve the independence and objectivity of each analytic process. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during each analytic process.