

# Nasdaq Dubai IdealRatings Sukuk Indices Methodology

## INTRODUCTION

Nasdaq Dubai and IdealRatings have collaborated to offer a definitive series of Sukuk indices to the financial markets. These provide representative performance benchmarks, against which regional and international fixed income investors can assess their portfolio performance. In addition to the primary Global Sukuk Index, a group of sub-indices have been launched to provide alternate benchmarks for various investment strategies and market segments.

The Index eligibility screening criteria have been carefully selected to represent a true Investable Sukuk universe for both regional and global Sukuk investors. Constituents are screened by IdealRatings using their Global Sukuk Solution platform, with data going back to 2012.

The indices provide daily price and liquidity information about the Middle East and international Sukuk markets. This in various ways eases the challenges that investors face in Sukuk investment.

## METHODOLOGY BRIEF

### Accurate:

IdealRatings has extensive experience and a prominent reputation in profound Sukuk research, to confirm their compliance with Sharia'a. IdealRatings follows an extensive research methodology to ensure that market segments are accurately represented and thoroughly maintained.

### Transparent:

IdealRatings follows a transparent methodology in indices research, construction and calculation which helps asset managers to track and benchmark the performance of their investments.

### Representative:

The Nasdaq Dubai IdealRatings Sukuk indices are constructed to be objective and comprehensive with full coverage of the underlying market universe without gaps or overlaps. There is no estimation or sampling.

## INDICES FAMILY STRUCTURE

### Main Index

Nasdaq Dubai IdealRatings Global Sukuk Index (NISKG)

### Sub Indices

Nasdaq Dubai IdealRatings USD Investment Grade Sukuk Index (NISKIG)

Nasdaq Dubai IdealRatings USD Sovereign Sukuk Index (NISKSV)

Nasdaq Dubai IdealRatings USD Corporate Sukuk Index (NISKC)

Nasdaq Dubai IdealRatings USD Financials Sukuk Index (NISKF)

Nasdaq Dubai IdealRatings USD GCC Sukuk Index (NISKGC)

## ELIGIBILITY CRITERIA

Issue size	US\$ 100 million or greater.
Maturity	Minimum of three months remaining to maturity.
Domicile	No Restriction.
Structure	Asset based and Asset backed.
Sharia'a Criterion	Sukuk must be approved by a Sharia'a Board.
Coupon Type	Fixed rate and Floating rate.
Credit Rating	At Least BBB-/Baa3 by a prominent Rating Agency (NISKIG only).
Currency	USD, EUR, GBP, SAR, SGD, MYR, AED, QAR, JPY (NISKG) USD (NISKIG, NISKSV, NISKC, NISKF, NISKGC)

## INDEX CALCULATIONS AND MAINTENANCE

### Market Value Weighted

The weight for each eligible Sukuk is the market value of the issuance as a percentage of the total index market value.

### Total Return Calculation

The indices track the total return, which is calculated by aggregating the price changes with accrued and re-invested coupon payments. It is calculated as the cumulative value of the sum of the weighted daily total return of each constituent relative to its base level.

### Pricing

Transaction bid prices are used. When the price varies, the highest price is used. If the price is unavailable/unchanged, the latest bid price is used as a calculation price.

### Index Base

100 points at index inception

### Constituents Modification

Eligible new Sukuk issued intra-month are added to the index on the first business day of the following month. Sukuk constituents that are no longer eligible OR with remaining maturity less than three months are excluded during the re-balance in the following month.

### Cash Re-Investment

Coupons distributed intra-month are accumulated in a cash bracket, which accounts intra-month in the profit return for the portfolio. In a monthly re-balance, the aggregate amount in a cash bracket is assumed to be re-invested in the Sukuk portfolio with the same weight.

## ABOUT NASDAQ DUBAI

Nasdaq Dubai is the international financial exchange serving the region between Western Europe and East Asia. It is the world's largest exchange for Sukuk listings by value. Its listings also include equities, derivatives, conventional bonds and REITS. The exchange enables regional issuers to access regional and international investment; and international issuers to access investment from the region. The majority shareholder of Nasdaq Dubai is Dubai Financial Market with a two-thirds stake.

## ABOUT IDEALRATINGS

IdealRatings®, incorporated in San Francisco, is a global solutions provider for faith-based and socially responsible Investment databases and information, for the Fund Management industry. IdealRatings screens Equities, REITS, and Sukuk and calculates custom-built indices and provides customized solution for the companies in the Capital Markets. IdealRatings solutions are licensed by the leading Asset Managers, in over 25 countries, across the globe.

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