

Consultation on Methodology Enhancement to the MSCI Islamic Index Series and the MSCI Islamic Index M- Series

MSCI ISLAMIC INDEX SERIES METHODOLOGY

This consultation may or may not lead to the implementation of any or all of the proposed changes in MSCI's indexes. Consultation feedback will remain confidential unless a participant requests that its feedback be disclosed. In that case, the relevant feedback would be published at the same time as the final results of the consultation.

August 2024

Executive Summary

- MSCI currently applies the following Financial Screening as part of the MSCI Islamic Index Series Methodology based on quarterly financial statements where available.

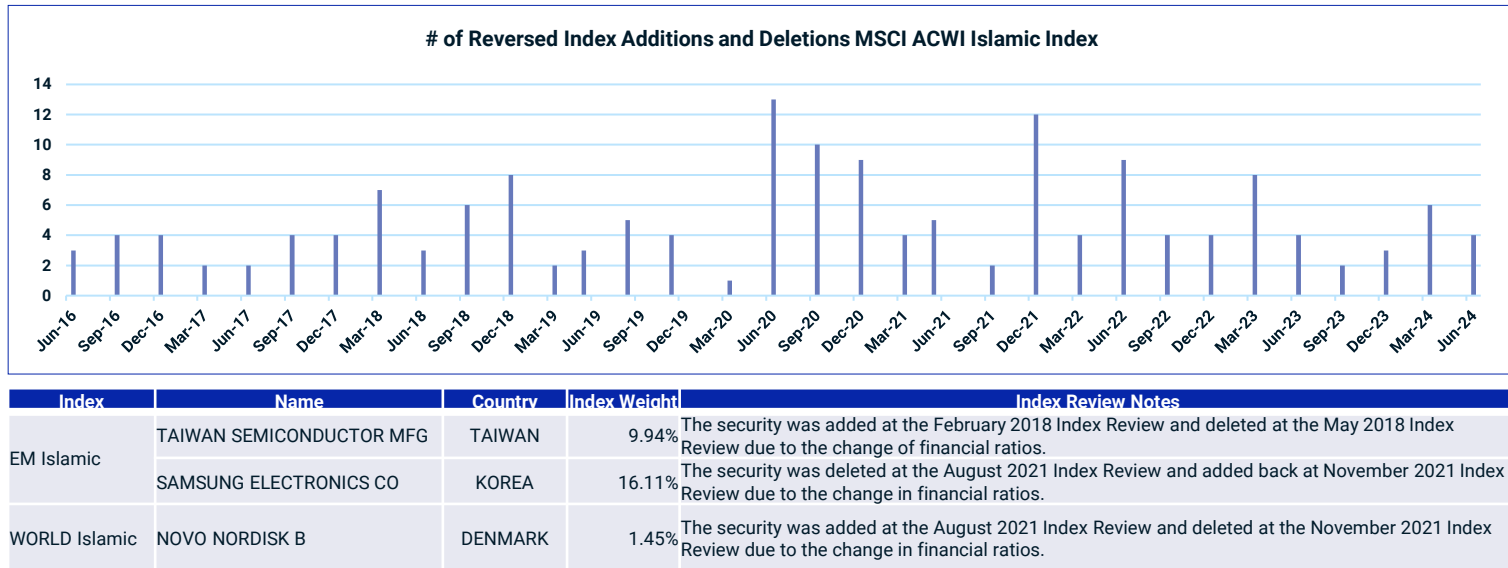
#	Ratio	Islamic Index Series*	Islamic Index M-Series*
1	Total Debt	30 for Entry Buffer and 33.33% for Financial Ratio Threshold	30 for Entry Buffer and 33.33% for Financial Ratio Threshold
2	Sum of a company's cash and interest-bearing securities	30 for Entry Buffer and 33.33% for Financial Ratio Threshold	30 for Entry Buffer and 33.33% for Financial Ratio Threshold
3	Sum of a company's accounts receivables and cash	30 for Entry Buffer and 33.33% for Financial Ratio Threshold	46% for Entry Buffer and 49% for Financial Ratio Threshold

* Total assets and 36-month average issuer market capitalization are used as the denominator for financial ratio calculation in the Islamic Index Series and Islamic Index M-Series respectively.

- MSCI launches a consultation on the proposal to enhance the MSCI Islamic Index Series Methodology aiming:
 - to reduce the **index turnover** resulting from reversed index additions and deletions due to the changes in financial ratios; and
 - to reduce the **index concentration** by increasing the index coverage.
- More specifically, MSCI proposes the following:
 - to introduce a higher threshold (“Exit Buffer”) for existing constituents for financial ratios based on ‘total debt’ and ratios based on ‘sum of a company's cash and interest-bearing securities’; and
 - to increase the threshold for financial ratios based on ‘sum of a company's accounts receivables and cash’ for both existing and new index constituents (“Entry Buffer”), to align the MSCI Islamic Index Series with the MSCI Islamic Index M-Series.
- MSCI welcomes feedback from the investment community until September 13, 2024. MSCI will announce the results of this consultation on or before September 30, 2024.

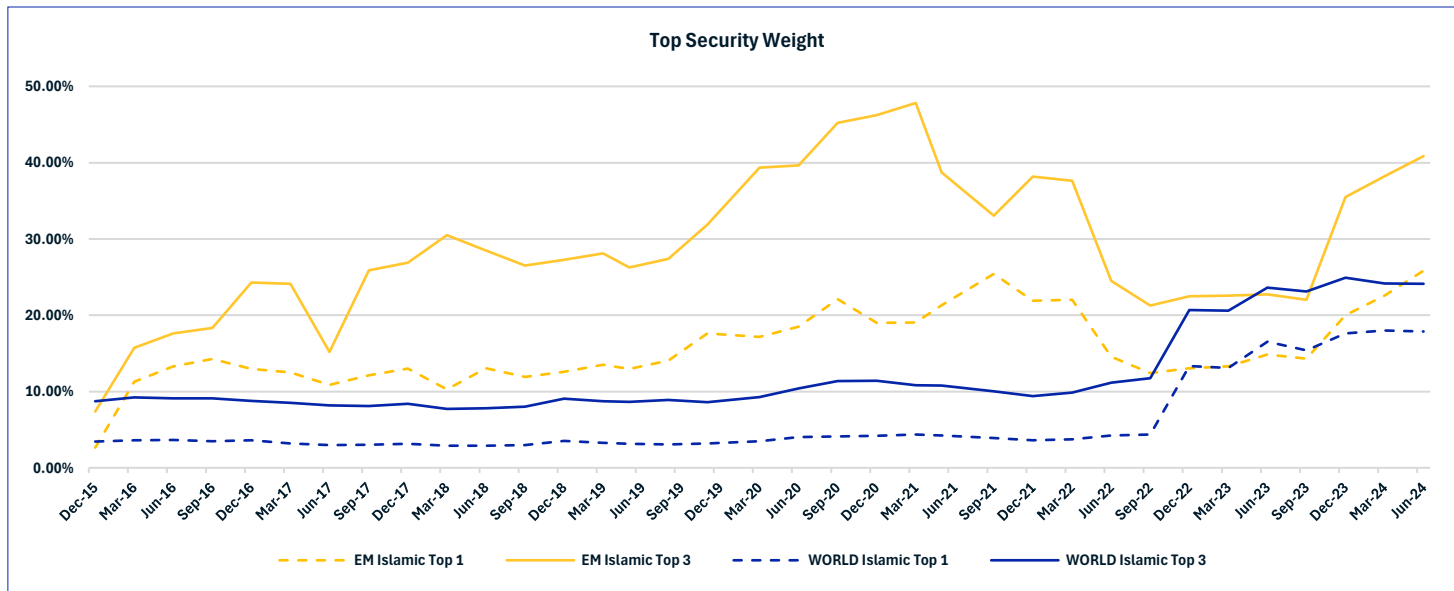
Background - Reversed Index Additions and Deletions

- MSCI analyzed the index changes resulting from the reversed index additions and deletions in two consecutive quarters or vice versa due to changes in financial ratios.
- Between December 2015 and June 2024, there were around 5 reversed index additions and deletions per index review in the MSCI ACWI Islamic Index, some of which were sizable companies.



Background - Index Concentration

- Over time between December 2015 and June 2024, the indexes have become more concentrated.
- Since 2015, the weight of the top 3 securities has increased from around 9% to 40% in the MSCI EM (Emerging Markets) Islamic Index and from around 9% to 25% in the MSCI World Islamic index.



• The dotted line in the chart represents the weight of the largest security and the solid line represents the weight of the top 3 securities in the MSCI EM (Emerging Markets) Islamic Index and MSCI World Islamic Index between December 2015 and June 2024.

Details of the Proposal

- MSCI proposes the following enhancements to the Financial Screening for the MSCI Islamic Index Series and the MSCI Islamic Index M-Series:
 - Enhancement 1:** To introduce an “Exit Buffer” for Financial Ratios 1 and 2 for existing constituents:
 - A security that would otherwise be deleted due to not meeting the financial ratio threshold(s) of 33.33% would be retained in the index as long as the following conditions are met for ratio 1 and 2: 1) it remains within the Exit Buffer of 35% and 2) its average* remains equal to or below the Financial Ratio Threshold of 33.33%.
 - The security would be deleted from the index if its financial ratio breaches the Financial Ratio Threshold of 33.33% for 3 consecutive index reviews even if it continues to meet the above conditions.
 - Enhancement 2:** To align the Entry Buffer and extend the Financial Ratio Threshold of Ratio 3 :
 - The Entry Buffer for the MSCI Islamic Index Series would increase from 30% to 46% to align with the MSCI Islamic Index M-Series.
 - The Financial Ratio Threshold for Ratio 3 would increase from 33.33% for the MSCI Islamic Index Series and 49% for the MSCI Islamic Index M-Series to 70%.
- The table below summarizes the proposed thresholds to be used in the Financial Screening for the MSCI Islamic Index Series and the MSCI Islamic Index M-Series post the methodology enhancement:

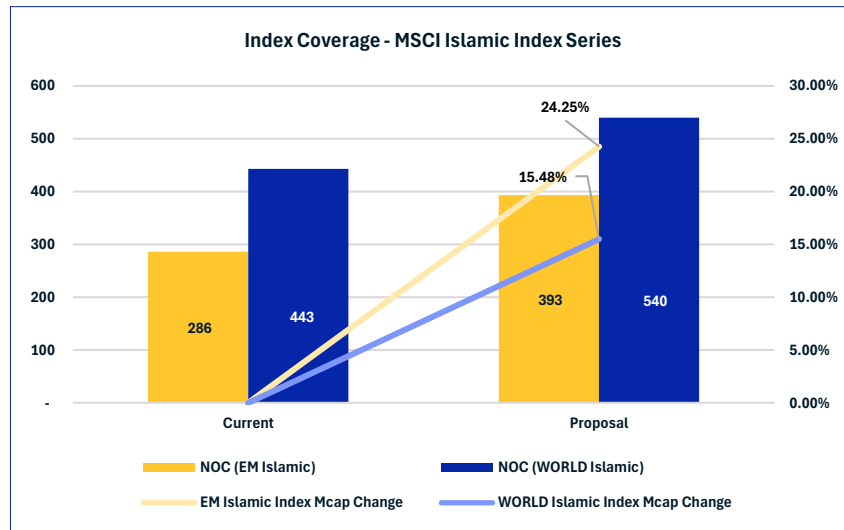
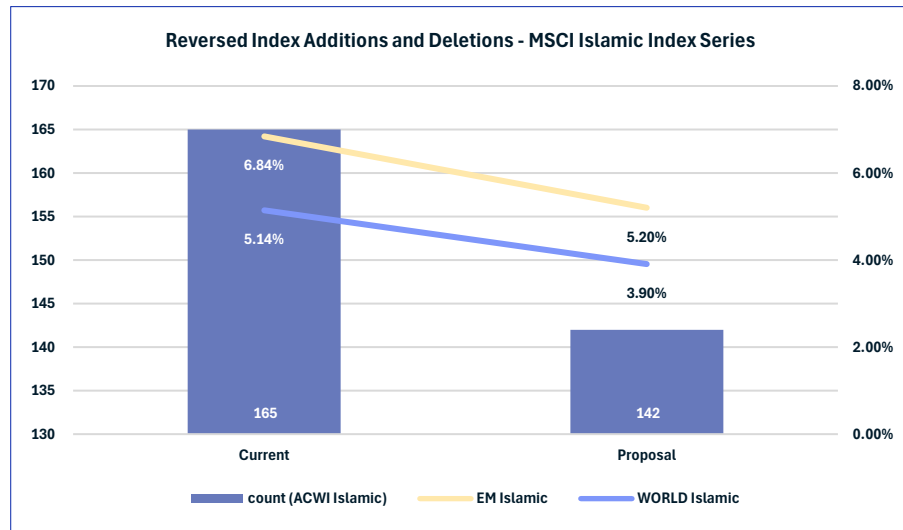
#Ratio	Entry Buffer	Financial Ratio Threshold	Exit Buffer
1 Total Debt	30%	33.33%	35%
2 Sum of a company's cash and interest-bearing securities	30%	33.33%	35%
3 Sum of a company's accounts receivables and cash	46%	70%	n/a

* Total assets and 36-month average issuer market capitalization are used as the denominator for financial ratio calculation in the Islamic Index Series and Islamic Index M-Series respectively.

- The objective of the proposal is to increase the stability of the index constituents by reducing the turnover resulting from potential reversed index additions and deletions, as well as potentially reduce the index concentration by increasing the index coverage.

Simulated Historical Impact - MSCI Islamic Index Series

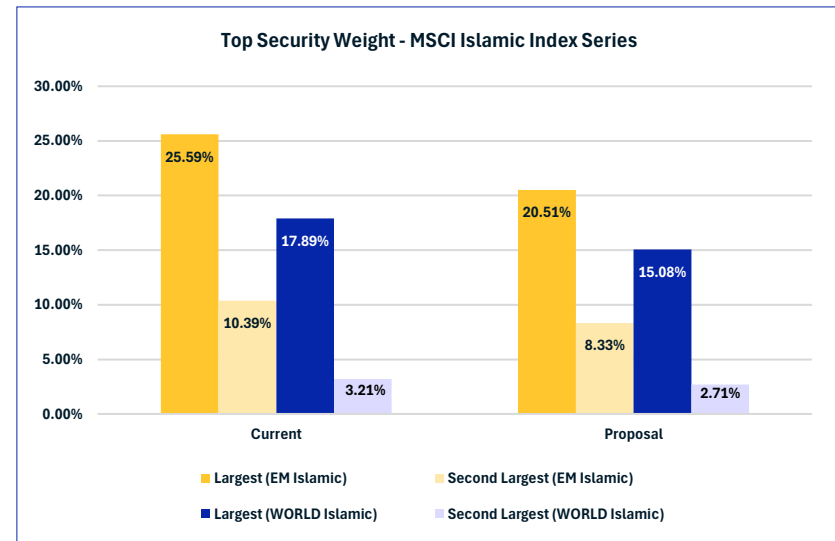
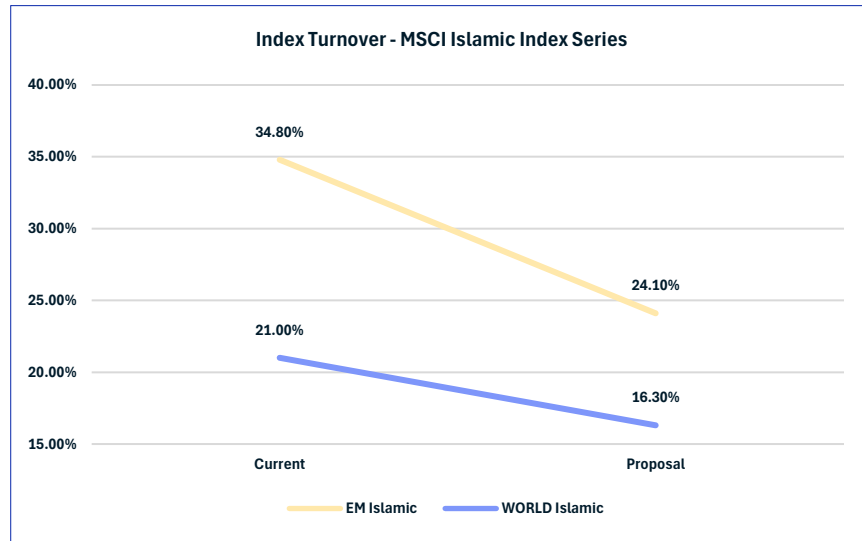
- The number of reversed index additions and deletions and the ratio of reversed index additions and deletions to total index additions and deletions decreased compared to the current MSCI Islamic Index Series.
- Index coverage increased compared to the current MSCI Islamic Index Series.



- "Current" refers to the scenario that is simulated based on current methodology. "Proposal" refers to the scenario that is simulated based on proposed methodology.
- The bar in the left chart (left Y-axis) represents the total number of reversed index additions and deletion in the MSCI ACWI Islamic Index over December 2015 to June 2024.
- The line in the left chart (right Y-axis) represents the average ratio of the number of reversed index additions and deletions to the number of total index additions and deletions per index review in the MSCI EM (Emerging Markets) Islamic Index and MSCI World Islamic Index over December 2015 to June 2024.
- The bar (left Y-axis) and line (right Y-axis) in the right chart represents the average number of index constituents and the change in the average index Market Capitalization per index review in the MSCI EM (Emerging Markets) Islamic Index and MSCI World Islamic Index over December 2015 to June 2024.

Simulated Historical Impact - MSCI Islamic Index Series

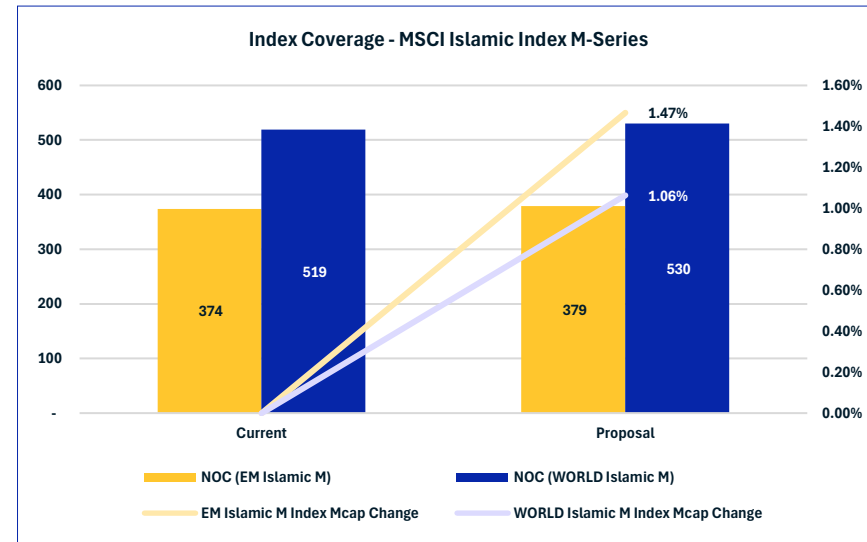
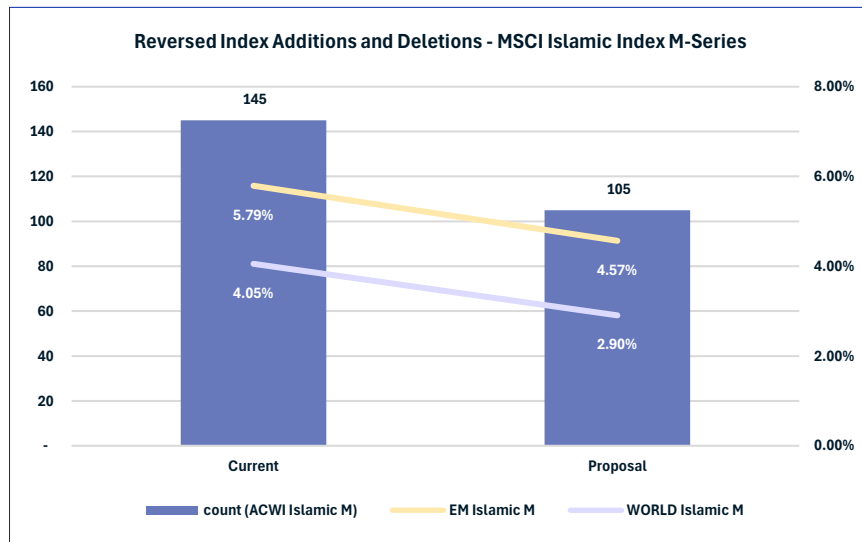
- Index turnover decreased compared to the current MSCI Islamic Index Series.
- The weight of the largest and the second largest security decreased compared to the current MSCI Islamic Index Series following the increase of the index coverage.



- "Current" refers to the scenario that is simulated based on current methodology. "Proposal" refers to the scenario that is simulated based on proposed methodology.
- The line in the left chart represents the annualized one-way index turnover over index reviews in the MSCI EM (Emerging Markets) Islamic Index and MSCI World Islamic Index over December 2015 to June 2024.
- The bar in the right chart represents the weight of the largest and the second largest security in the MSCI EM (Emerging Markets) Islamic Index and MSCI World Islamic Index as of May 2024 Index Review.

Simulated Historical Impact - MSCI Islamic Index M-Series

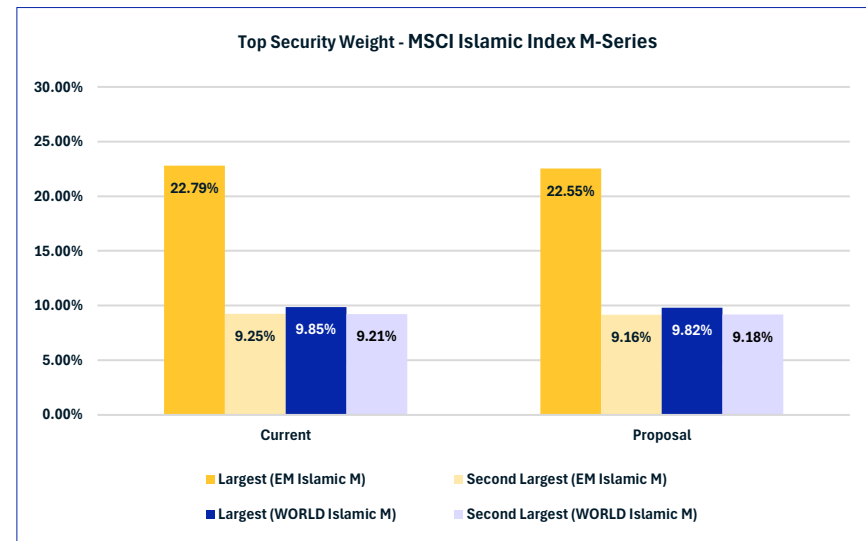
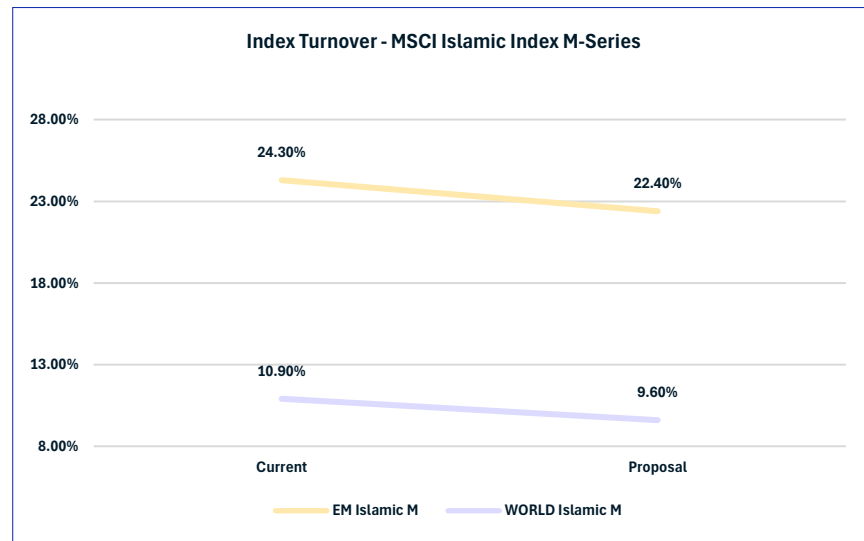
- The number of reversed index additions and deletions and the ratio of reversed index additions and deletions to total index additions and deletions decreased compared to the current MSCI Islamic Index M-Series.
- There was no substantial change in index coverage compared to the current MSCI Islamic Index M-Series given there was no change in Entry Buffer in Financial Ratio 3 (ratio of sum of a company's accounts receivables and cash to average issuer market capitalization).



- "Current" refers to the scenario that is simulated based on current methodology. "Proposal" refers to the scenario that is simulated based on proposed methodology.
- The bar in the left chart (left Y-axis) represents the total number of reversed index additions and deletion in the MSCI ACWI M-Series Islamic Index over December 2015 to June 2024.
- The line in the left chart (right Y-axis) represents the average ratio of the number of reversed index additions and deletions to the number of total index additions and deletions per index review in the MSCI EM (Emerging Markets) Islamic M-Series Index and MSCI World Islamic M-Series Index over December 2015 to June 2024.
- The bar (left Y-axis) and line (right Y-axis) in the right chart represent the average number of index constituents and the change in the average index Market Capitalization per index review in the MSCI EM (Emerging Markets) Islamic M-Series Index and MSCI World Islamic M-Series Index over December 2015 to June 2024.

Simulated Historical Impact - MSCI Islamic Index M-Series

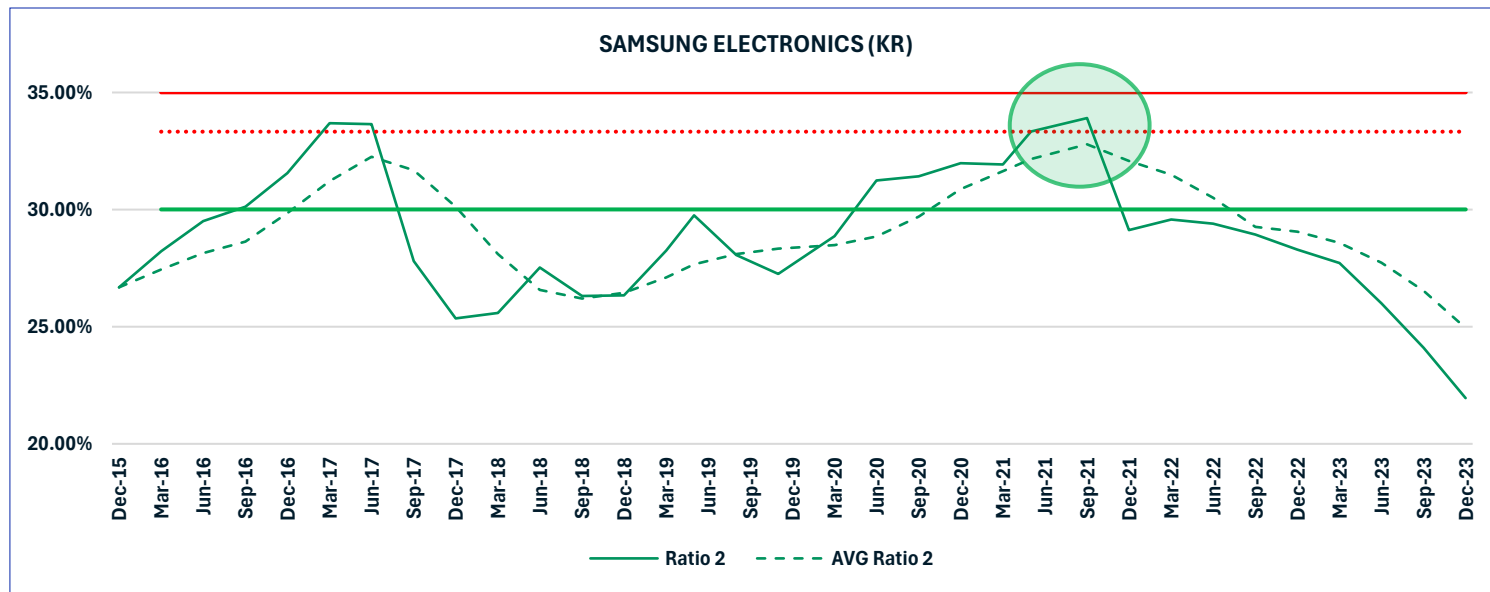
- Index turnover decreased compared to current MSCI Islamic Index M-Series.
- The weight of the largest and the second largest security were close to the current MSCI Islamic Index M-Series as there was no substantial change in index coverage.



- "Current" refers to the scenario that is simulated based on current methodology. "Proposal" refers to the scenario that is simulated based on proposed methodology.
- The line in the left chart represents the annualized one-way index turnover over index reviews in the MSCI EM (Emerging Markets) Islamic M-Series Index and MSCI World M-Series Islamic Index over December 2015 to June 2024.
- The bar in the right chart represents the weight of the largest and the second largest security in the MSCI EM (Emerging Markets) Islamic M-Series Index and MSCI World M-Series Islamic Index as of May 2024 Index Review.

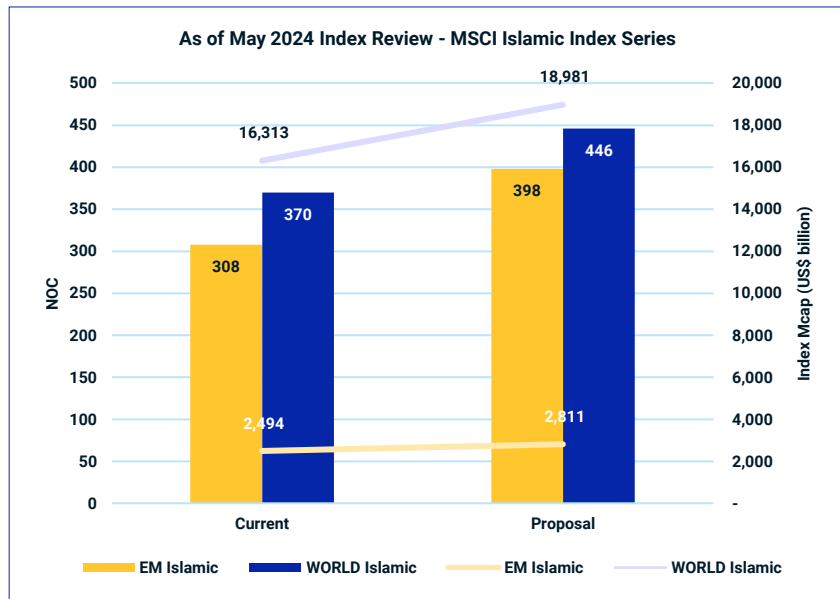
Enhancement 1 Example

- SAMSUNG ELECTRONICS (KR) would have been retained in the MSCI EM (Emerging Markets) Islamic Index by applying the proposed methodology enhancement rule 1 when Ratio 2 (ratio of the sum of a company's cash and interest-bearing securities to total asset) increased to above the Financial Ratio Threshold of 33.33% but below Exit Buffer of 35% in September 2021. The average ratio was below the required threshold of 33.33%. The ratio decreased to below 33.33% in the subsequent index review.



Indicative Impact

- The following chart illustrates the simulated impact of implementing the proposed enhancements at the May 2024 Index Review. The table on the right shows the top five securities that are in the simulated index under the proposed scenario but not in the current index.



Index	NAME	COUNTRY	FR1	FR2	FR3	AVG FR1	AVG FR2	AVG FR3	Proforma Weight	Notes
EM Islamic	MEDIATEK INC	TAIWAN	2.70%	29.12%	36.47%	4.16%	26.07%	34.56%	2.12%	Addition due to FR 3 threshold increase
	XIAOMI CORP B	CHINA	8.65%	34.93%	18.78%	8.30%	31.59%	19.35%	1.25%	Retention due to FR 2 within Exit Buffer
	DELTA ELECTRONICS	TAIWAN	13.33%	20.63%	39.09%	12.37%	17.93%	37.93%	0.72%	Addition due to FR 3 threshold increase
	WEG ON	BRAZIL	11.07%	23.19%	42.77%	12.14%	20.46%	40.60%	0.43%	Addition due to FR 3 threshold increase
	LENOVO GROUP	CHINA	11.76%	10.63%	41.72%	11.86%	11.29%	40.81%	0.42%	Addition due to FR 3 threshold increase
WORLD Islamic	NOVO NORDISK B	DENMARK	9.18%	11.08%	30.48%	9.78%	14.18%	32.21%	2.31%	Addition due to FR 3 threshold increase
	ASML HLDG	NETHERLANDS	11.86%	17.16%	34.81%	12.99%	17.81%	35.37%	2.01%	Addition due to FR 3 threshold increase
	APPLIED MATERIALS	USA	20.13%	25.19%	41.03%	21.30%	22.58%	40.74%	0.94%	Addition due to FR 3 threshold increase
	ACCENTURE A	USA	6.69%	10.86%	38.56%	6.66%	15.76%	43.34%	0.93%	Addition due to FR 3 threshold increase
	PFIZER	USA	33.68%	5.70%	8.08%	28.59%	14.70%	8.45%	0.87%	Retention due to FR 1 within Exit Buffer

Discussion Points

- Is it appropriate to introduce an Exit Buffer of 35% for Financial Ratios 1 and 2 as part of the Financial Screening for existing index constituents in the MSCI Islamic Index Series and the MSCI Islamic Index M-Series?
- Is it appropriate to increase index coverage by increasing the Financial Ratio 3 thresholds that are currently used in the MSCI Islamic Index Series and the MSCI Islamic Index M-Series?
 - Increase the Entry Buffer of Ratio 3 for the MSCI Islamic Index Series from 30% to 46%?
 - Increase the Financial Ratio Threshold of Ratio 3 from 33.33% for the MSCI Islamic Index Series and 49% for the MSCI Islamic Index M-Series to 70%?
- Should MSCI consider other approaches to reduce the index turnover resulting from the reversed additions and deletions?
- Are the proposed enhancements sufficient to address index concentration? Should MSCI consider other approaches to reduce index concentration?
 - Would you consider introducing capping? What would be an appropriate capping mechanism and levels for the MSCI Islamic Index Series?
 - Would you introduce the capping on the existing standard indexes or consider the creation of a new index series?
- At each Index Review, MSCI applies a granular segment revenue-based approach in the Business Activity Screening and does not apply GICS based exclusions to assess compliance. Should MSCI consider removing the review for non-compliance of an Islamic index constituent resulting from regular monthly and annual GICS changes ?

Appendix I



ADDITIONAL DETAILS ON THE CONSULTATION PROPOSAL

Current Methodology

Section 2.2 of the MSCI Index Islamic Series Methodology: Financial Screening

Sharia investment principles do not allow investment in companies deriving significant income from interest or companies that have excessive leverage. MSCI uses the following three financial ratios to screen for these companies:

Numerator	Islamic Index Series	Islamic Index M-Series
Total Debt	Total Assets	36-month Average Issuer Market Capitalization
Sum of a company's cash and interest-bearing securities		
Sum of a company's accounts receivables and cash		
* Total assets and 36-month average issuer market capitalization are used as the denominator for financial ratio calculation in the Islamic Index Series and Islamic Index M-Series respectively.		

None of the financial ratios may exceed the thresholds stipulated in the table below. Securities that are current constituents will be considered non-compliant with respect to financial screening if any of the financial ratios exceeds the respective thresholds below during an Index Review.

Ratio	Islamic Index Series	Islamic Index M-Series
Total Debt	33.33%	33.33%
Sum of a company's cash and interest-bearing securities	33.33%	33.33%
Sum of a company's accounts receivables and cash	33.33%	49.00%

In order to manage index turnover resulting from financial screening, a lower threshold will be used in determining new inclusions to the Islamic Indexes. A security that is currently not a constituent of the MSCI Islamic Indexes will be considered compliant with respect to financial screening only if all three financial ratios do not exceed the thresholds stipulated in the table below.

Ratio	Islamic Index Series	Islamic Index M-Series
Total Debt	30.00%	30.00%
Sum of a company's cash and interest-bearing securities	30.00%	30.00%
Sum of a company's accounts receivables and cash	30.00%	46.00%

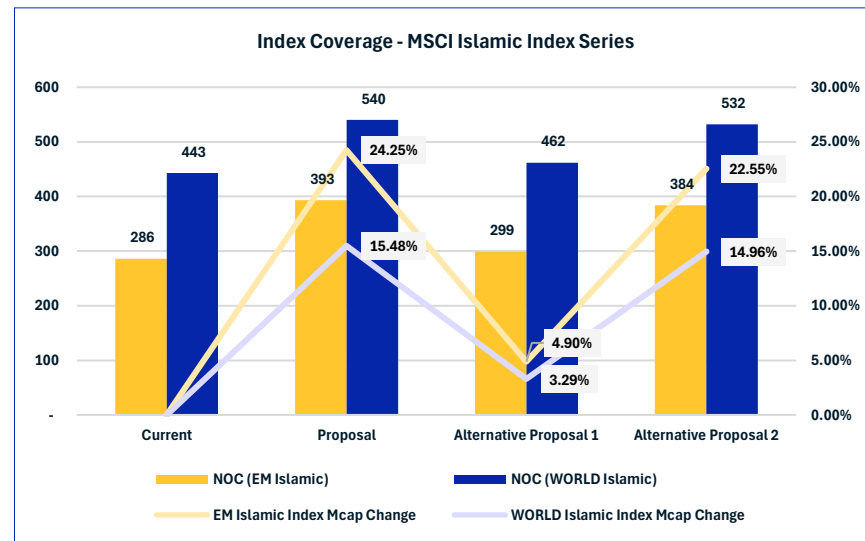
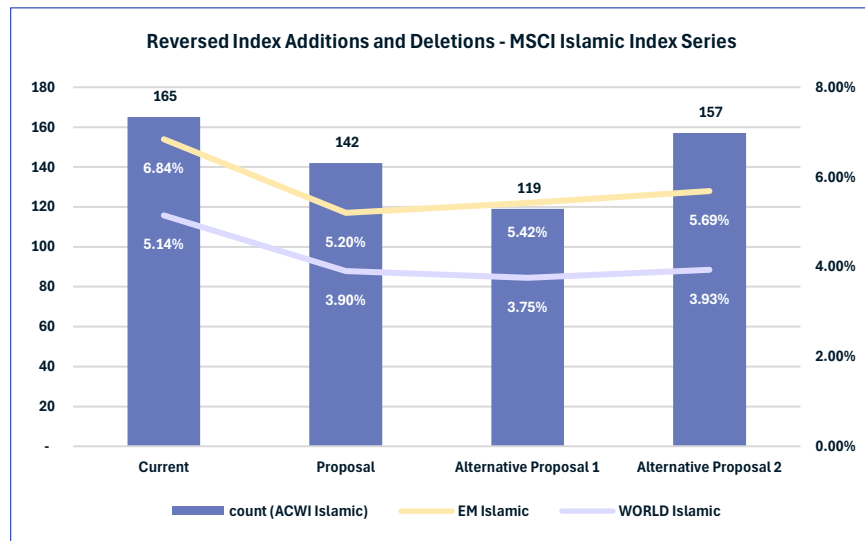
Simulation Scenarios

- The following scenarios were simulated to assess the historical impact of the proposals on the MSCI Islamic Index Series and MSCI Islamic Index M-Series:

Scenario	Ratio 1/2 (Entry Buffer/Financial Ratio Threshold/Exit Buffer)	Ratio 3 (Entry Buffer/Financial Ratio Threshold/Exit Buffer)	Notes
Current	30%/33.33%	30%/33.33%	Current Methodology
Proposal	30%/33.33%/35%	46%/70%/na	Applies both enhancement 1 and enhancement 2
Alternative Proposal 1	30%/33.33%/35%	30%/33.33%/70%	Applies enhancement 1; for Ratio 3, no changes to the Entry Buffer and Financial Ratio Threshold but introduces an Exit Buffer set at 70%. This proposal is not applicable for MSCI Islamic Index M-Series.
Alternative Proposal 2	30%/33.33%/35%	46%/49%/70%	Applies enhancement 1; for Ratio 3, Entry Buffer and Financial Ratio Threshold set to 46% and 49% and introduces an Exit Buffer set at 70%.

Simulated Historical Impact - MSCI Islamic Index Series

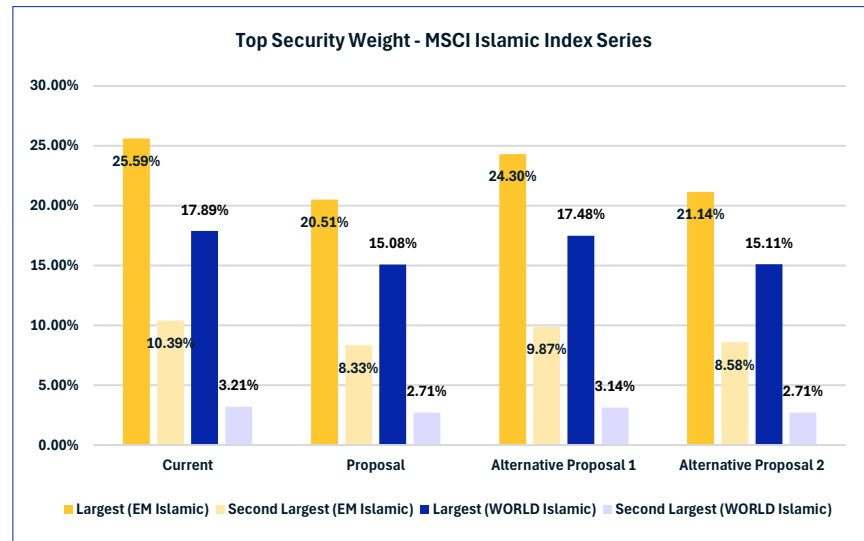
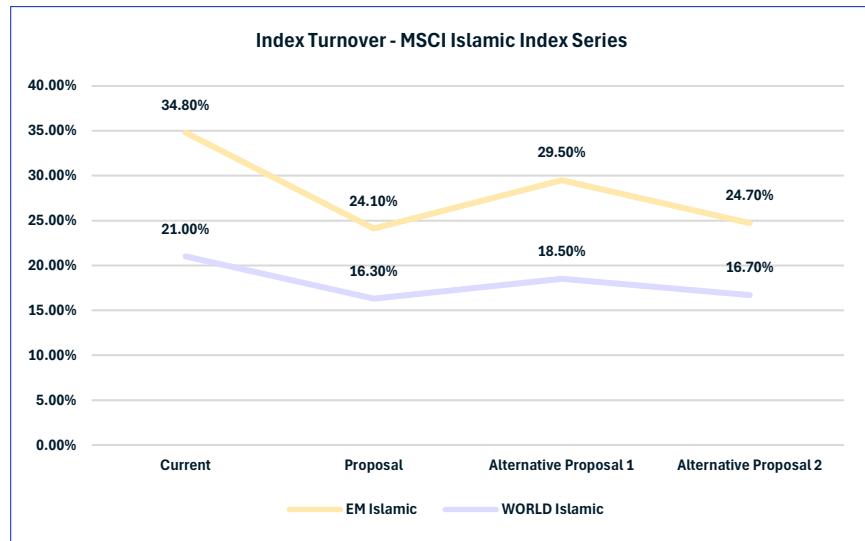
- The number of reversed index additions and deletions is lower across all scenarios compared to the current MSCI Islamic Index Series, while the index coverage increased compared to the current MSCI Islamic Index Series.
- While the number of reversed index additions and deletions is higher under the proposal scenario compared to the alternative scenario1, the index coverage is higher. The number of reversed index additions and deletions is lower compared to the alternative scenario2.



- The bar in the left chart (left Y-axis) represents the total number of reversed index additions and deletion in the MSCI ACWI Islamic Index over December 2015 to June 2024.
- The line in the left chart (right Y-axis) represents the average ratio of the number of reversed index additions and deletions to the number of total index additions and deletions in the MSCI EM (Emerging Markets) Islamic Index and MSCI World Islamic Index over December 2015 to June 2024.
- The bar (left Y-axis) and line (right Y-axis) in the right chart represent the average number of index constituents and the change in the average index Market Capitalization per index review in the MSCI EM (Emerging Markets) Islamic Index and MSCI World Islamic Index over December 2015 to June 2024.

Simulated Historical Impact - MSCI Islamic Index Series

- Turnover decreased across all scenarios compared to the current MSCI Islamic Index Series.
- The weight of the largest and the second largest security decreased compared to the current MSCI Islamic Index Series.
- Turnover and top security weight are the lowest under the proposal compared to alternative scenarios.



Simulated Historical Impact - MSCI Islamic Index Series

Key Metrics

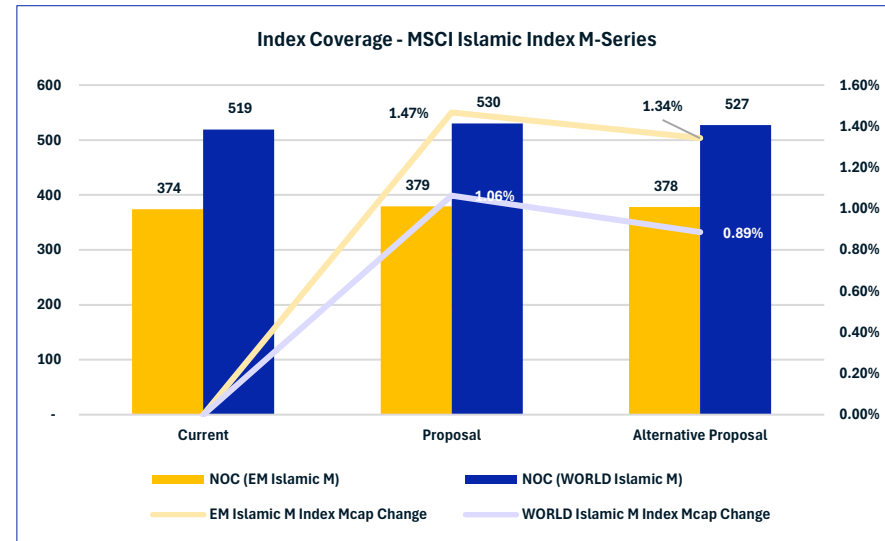
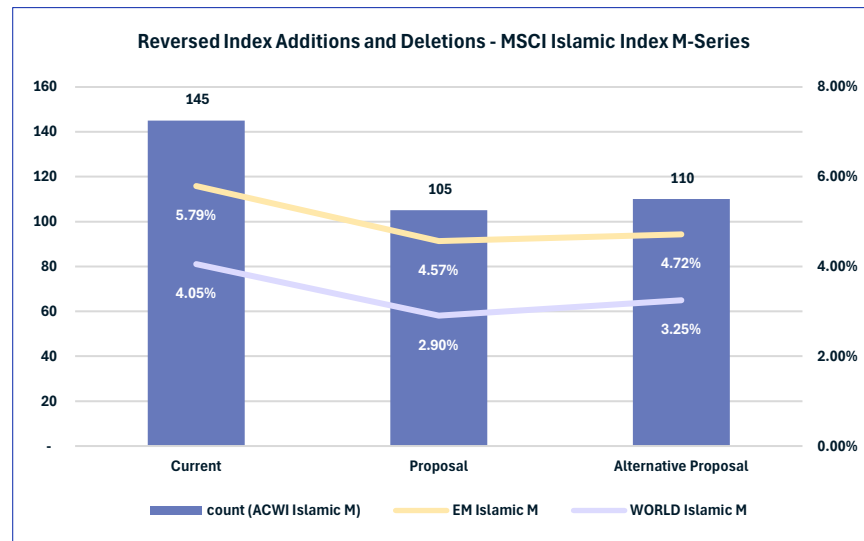
MSCI EM (Emerging Markets) Islamic Index	Current	Proposal	Alternative Proposal 1	Alternative Proposal 2
Total Return* (%)	8.1	8.1	8	8
Total Risk (%)	16.8	17.2	17.3	17.2
Tracking Error (%)	0	2.4	1.6	2.5
Historical Beta	1	1.01	1.02	1.02
Number of Constituents***	286	393	299	384
Top 10 Constituents Weight (%)	42	39.3	42.3	39.6
Turnover** (%)	34.8	24.1	29.5	24.7

MSCI World Islamic Index	Current	Proposal	Alternative Proposal 1	Alternative Proposal 2
Total Return* (%)	9.6	9.2	9.6	9.2
Total Risk (%)	15.1	15.2	15.1	15.2
Tracking Error (%)	0	1.5	0.3	1.5
Historical Beta	1	1	1	1
Number of Constituents***	443	540	462	532
Top 10 Constituents Weight (%)	25.6	22.8	24.8	22.9
Turnover** (%)	21	16.3	18.5	16.7

Period: Nov 30, 2015 to Jun 03, 2024. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Simulated Historical Impact - MSCI Islamic Index M-Series

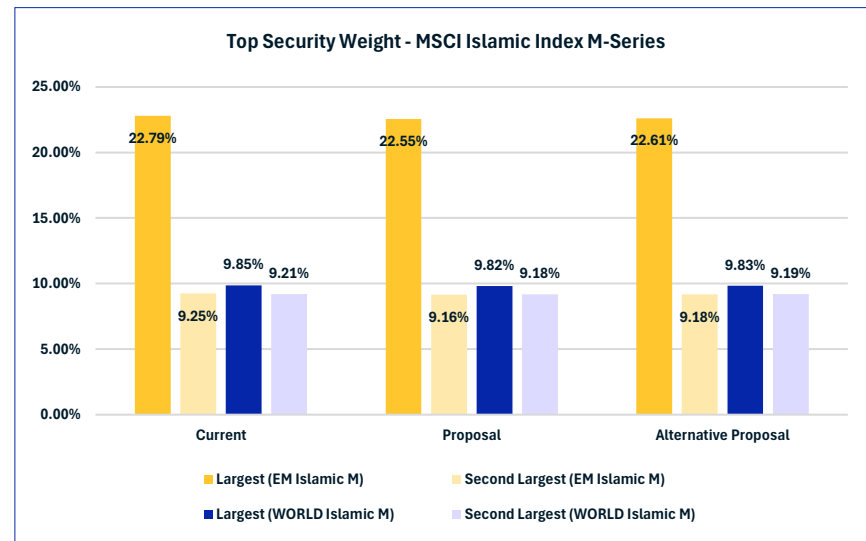
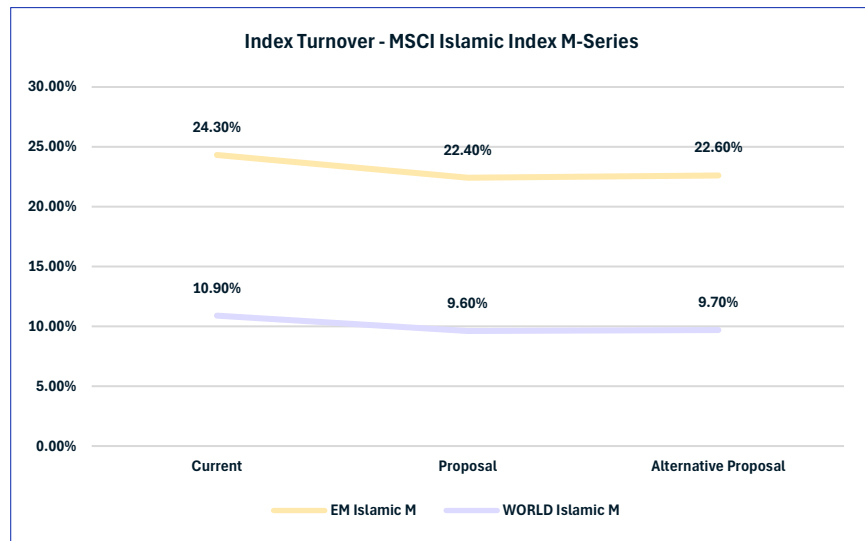
- The number of reversed index additions and deletions is lower across all proposals compared to the current MSCI Islamic Index M-Series.
- The number of reversed index additions and deletions is lower and index coverage is higher under the proposal compared to the alternative scenario.



- The bar in the left chart (left Y-axis) represents the total number of reversed index additions and deletion in the MSCI ACWI M-Series Islamic Index over December 2015 to June 2024.
- The line in the left chart (right Y-axis) represents the average ratio of the number of reversed index additions and deletions to the number of total index additions and deletions per index review in the MSCI EM (Emerging Markets) Islamic M-Series Index and MSCI World Islamic M-Series Index over December 2015 to June 2024.
- The bar (left Y-axis) and line (right Y-axis) in the right chart represent the average number of index constituents and the change in the average index Market Capitalization per index review in the MSCI EM (Emerging Markets) Islamic M-Series Index and MSCI World Islamic M-Series Index over December 2015 to June 2024.

Simulated Historical Impact - MSCI Islamic Index M-Series

- Turnover decreased across all scenarios compared to the current MSCI Islamic Index M-Series, it is lower under the proposal compared to alternative scenario.
- The weight of the largest and the second largest security were close to the current MSCI Islamic Index M-Series as there was no substantial change in index coverage.



Simulated Historical Impact - MSCI Islamic Index M-Series

Key Metrics

MSCI EM (Emerging Markets) Islamic M-Series Index	Current	Proposal	Alternative Proposal
Total Return* (%)	8.6	8.4	8.4
Total Risk (%)	17.9	17.9	17.9
Tracking Error (%)	0	0.5	0.5
Historical Beta	1	1	1
Number of Constituents***	374	379	378
Top 10 Constituents Weight (%)	42.4	42.1	42.1
Turnover** (%)	24.3	22.4	22.6

MSCI World Islamic M-Series Index	Current	Proposal	Alternative Proposal
Total Return* (%)	12.5	12.5	12.5
Total Risk (%)	15.5	15.5	15.5
Tracking Error (%)	0	0.1	0.1
Historical Beta	1	1	1
Number of Constituents***	519	530	527
Top 10 Constituents Weight (%)	23.6	23.4	23.5
Turnover** (%)	10.9	9.6	9.7

Period: Nov 30, 2015 to Jun 03, 2024. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

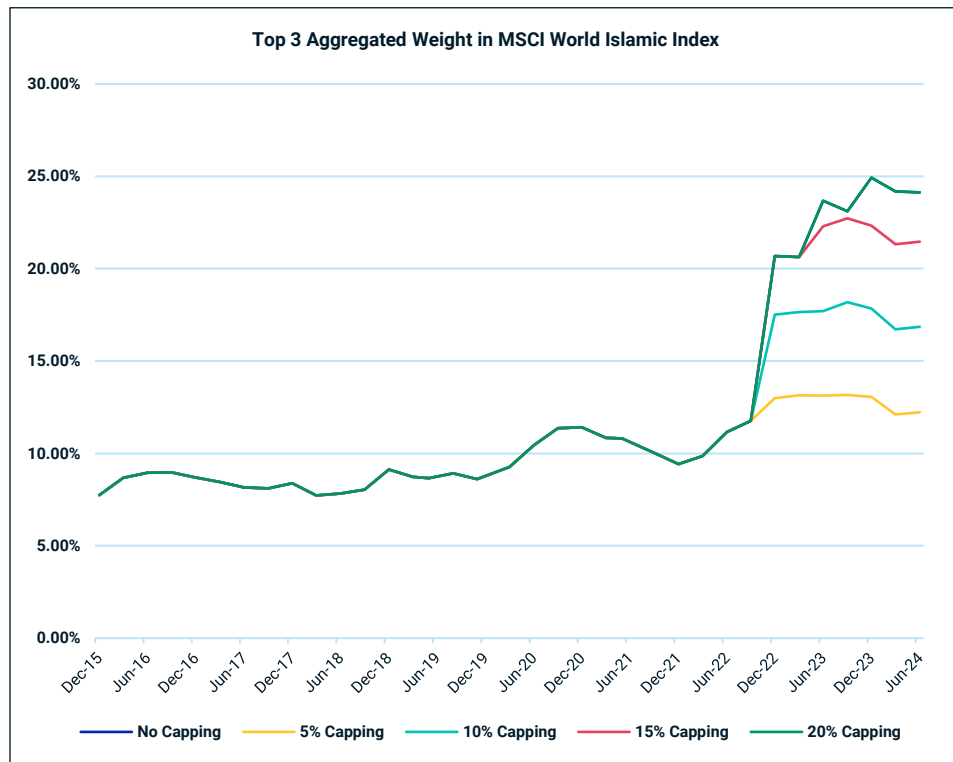
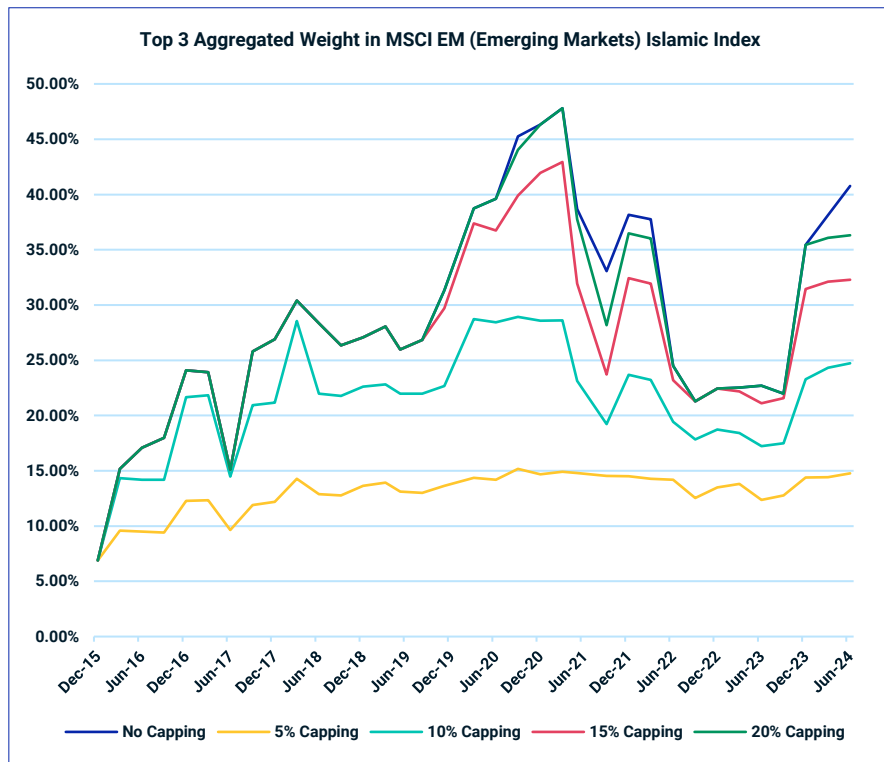
Appendix II

CAPPING SIMULATIONS

Capping Methodology Simulation

- MSCI simulated scenarios of **issuer capping at 5%, 10%, 15% and 20%** for the MSCI EM (Emerging Markets) Islamic Index and the MSCI World Islamic Index to assess the historical impact in the period of December 2015 to June 2024.
- The simulated capping methodology is as described in Section 3.5 of the MSCI Index Islamic Series Methodology: Constituent Weighting and Capping Methodology.

Simulated Historical Impact of Capping



Simulated Historical Impact of Capping (continued)

Key Metrics

MSCI EM (Emerging Markets) Islamic Index	No Capping	5% Capping	10% Capping	15% Capping	20% Capping
Total Return* (%)	8.5	6.5	7.8	8.4	8.4
Total Risk (%)	16.8	16.3	16.6	16.9	16.8
Tracking Error (%)	0	3.5	2	1	0.3
Historical Beta	1	0.95	0.98	1	1
Number of Constituents***	291	291	291	291	291
Top 10 Constituents Weight (%)	42	28.9	35.7	40.5	41.7
Turnover** (%)	33.8	26.9	32.2	33.9	34.5

MSCI World Islamic Index	No Capping	5% Capping	10% Capping	15% Capping	20% Capping
Total Return* (%)	10	9.6	9.8	10	10
Total Risk (%)	15.1	15.2	15.2	15.2	15.1
Tracking Error (%)	0	0.9	0.5	0.1	0
Historical Beta	1	1	1	1	1
Number of Constituents***	445	445	445	445	445
Top 10 Constituents Weight (%)	25.5	24	24.7	25.4	25.5
Turnover** (%)	21.1	20.6	21.2	21.5	21.1

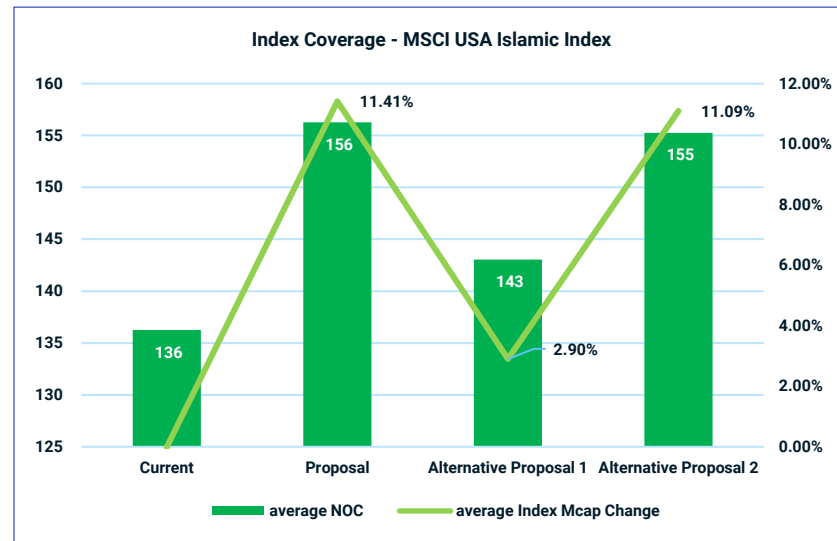
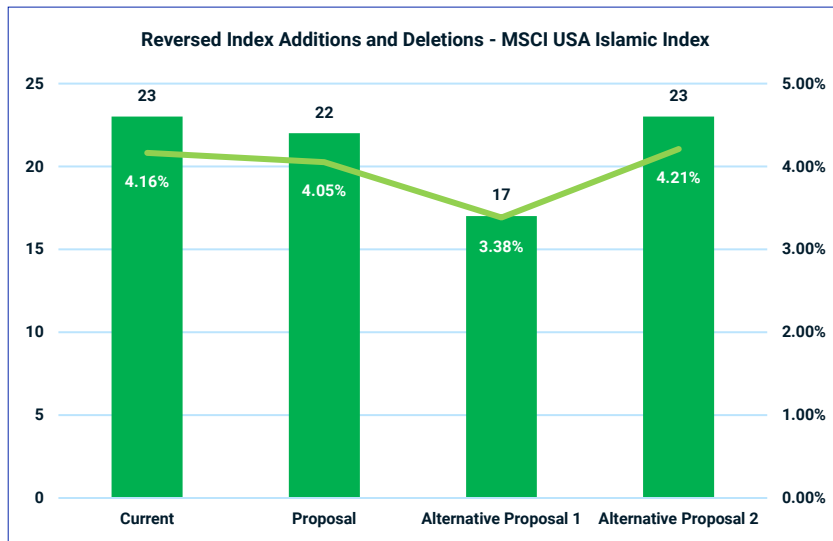
Period: Dec 31, 2015 to Jun 03, 2024. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages

Appendix III

**SIMULATED IMPACT - MSCI USA ISLAMIC INDEX AND MSCI USA ISLAMIC
(M-SERIES) INDEX**

Simulated Historical Impact - MSCI USA Islamic Index

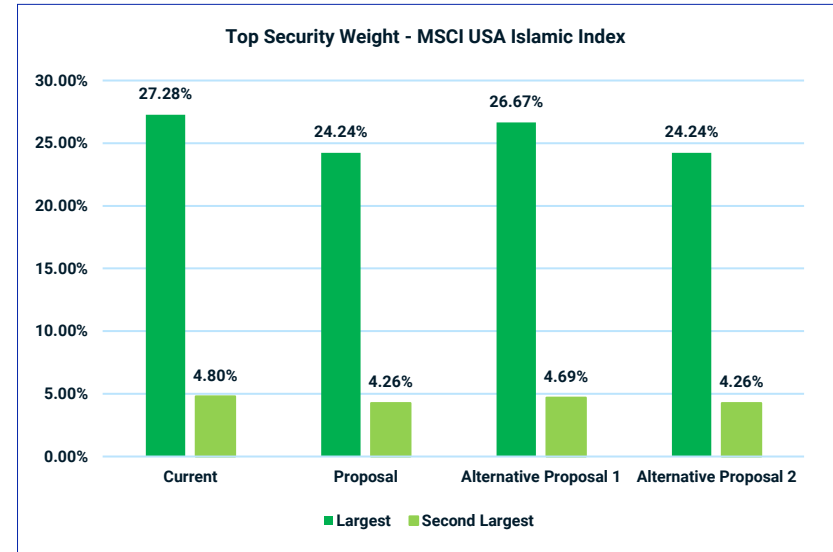
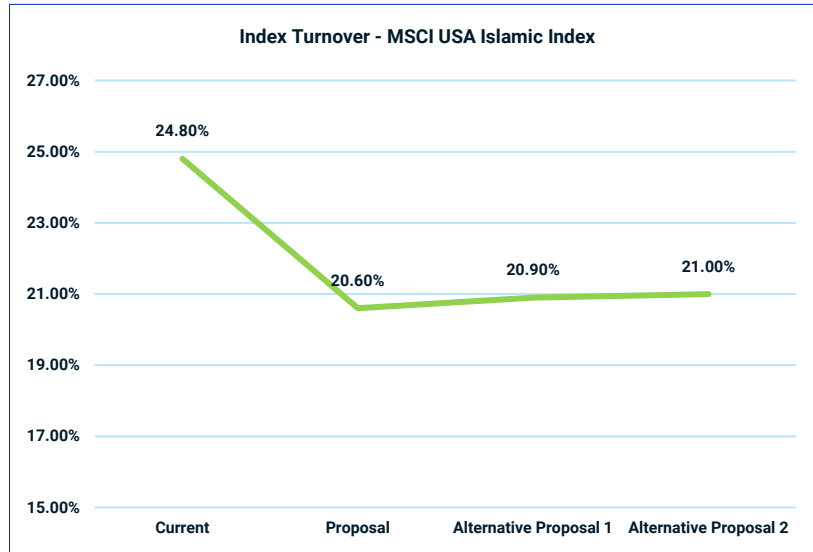
- Compared to current MSCI USA Islamic Index, the number of reversed index additions and deletions is lower across all scenarios except alternative proposal 2, while the index coverage increased under all scenarios.



- The bar in the left chart (left Y-axis) represents the total number of reversed index additions and deletion in the MSCI USA Islamic Index over December 2015 to June 2024.
- The line in the left chart (right Y-axis) represents the average ratio of the number of reversed index additions and deletions to the number of total index additions and deletions per index review in the MSCI USA Islamic Index over December 2015 to June 2024.
- The bar (left Y-axis) and line (right Y-axis) in the right chart represent the average number of index constituents and the change in the average index Market Capitalization per index review in the MSCI USA Islamic Index over December 2015 to June 2024.

Simulated Historical Impact - MSCI USA Islamic Index

- Turnover decreased across all scenarios compared to the current MSCI USA Islamic Index.
- The weight of the largest and the second largest security decreased compared to the current MSCI USA Islamic Index.



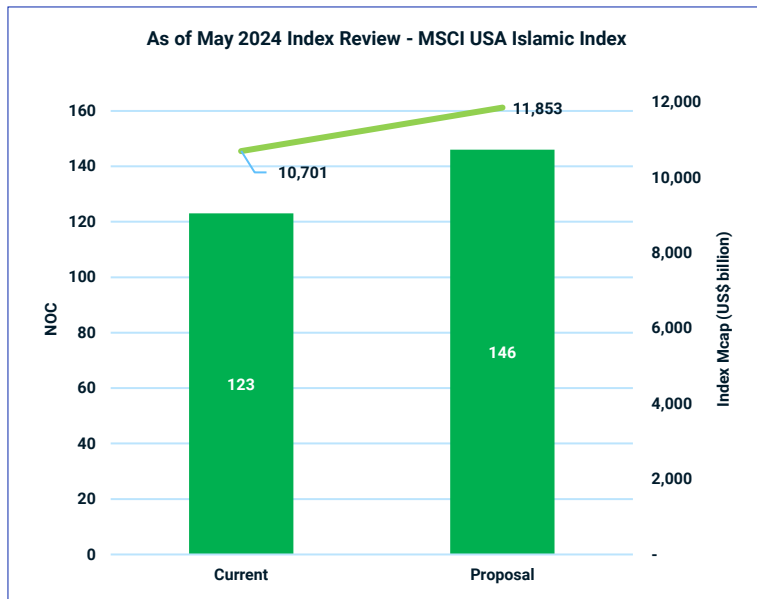
Simulated Historical Impact - MSCI USA Islamic Index

Key Metrics

MSCI USA Islamic Index	Current	Proposal	Alternative Proposal 1	Alternative Proposal 2
Total Return* (%)	10.3	9.7	10.1	9.7
Total Risk (%)	15.5	15.7	15.5	15.7
Tracking Error (%)	0	2	0.4	2
Historical Beta	1	1.01	1	1
Number of Constituents***	136	156	143	155
Top 10 Constituents Weight (%)	43.3	39.7	42	39.9
Turnover** (%)	24.8	20.6	20.9	21
Period: Nov 30, 2015 to Jun 03, 2024. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages				

Indicative Impact - MSCI USA Islamic Index

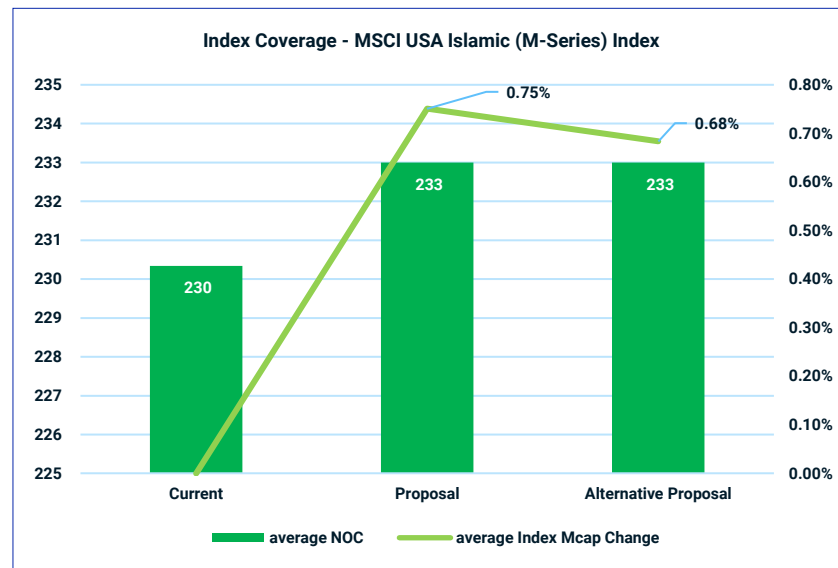
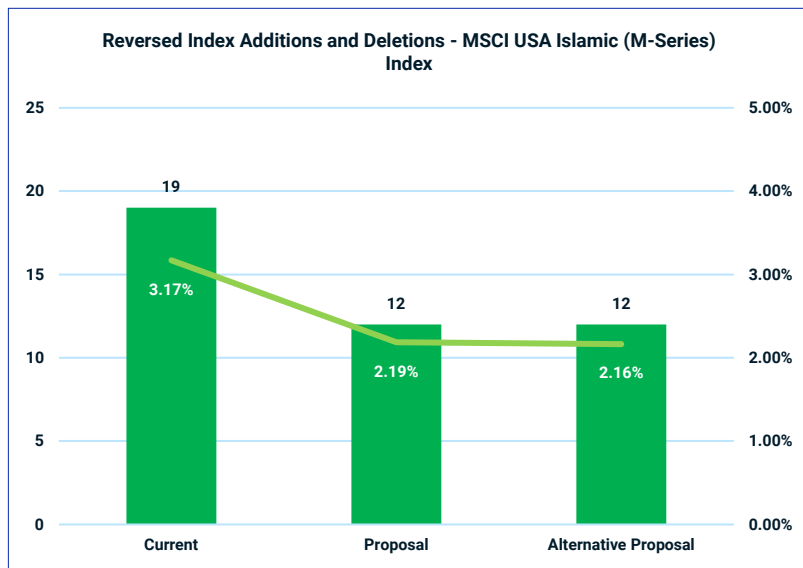
- The following chart illustrates the simulated impact of implementing the proposed enhancements at the May 2024 Index Review. The table on the right shows the top ten securities that are in the simulated index under the proposed scenario but not in the current index.



NAME	COUNTRY	FR1	FR2	FR3	AVG FR1	AVG FR2	AVG FR3	Proforma Weight	Notes
APPLIED MATERIALS	USA	20.13%	25.19%	41.03%	21.30%	22.58%	40.74%	1.50%	Addition due to FR 3 threshold increase
ACCENTURE A	USA	6.69%	10.86%	38.56%	6.66%	15.76%	43.34%	1.49%	Addition due to FR 3 threshold increase
PFIZER	USA	33.68%	5.70%	8.08%	28.59%	14.70%	8.45%	1.40%	Retention due to FR 1 within Exit Buffer
CADENCE DESIGN SYSTEMS	USA	16.83%	23.77%	31.63%	15.49%	21.64%	31.64%	0.66%	Addition due to FR 3 threshold increase
MCKESSON CORP	USA	11.44%	2.98%	37.66%	11.45%	4.61%	38.10%	0.64%	Addition due to FR 3 threshold increase
GE VERNOVA	USA	2.64%	3.65%	39.34%	2.64%	3.65%	39.34%	0.39%	Addition due to FR 3 threshold increase
AUTODESK	USA	29.78%	25.47%	31.39%	32.27%	25.49%	27.91%	0.38%	Addition due to FR 3 threshold increase
CENCORA	USA	7.41%	4.61%	40.04%	8.38%	3.46%	39.35%	0.35%	Addition due to FR 3 threshold increase
SUPER MICRO COMPUTER	USA	7.41%	13.99%	43.63%	6.55%	13.47%	41.94%	0.34%	Addition due to FR 3 threshold increase
QUANTA SERVICES	USA	27.49%	7.97%	43.84%	29.40%	3.52%	40.22%	0.34%	Addition due to FR 3 threshold increase

Simulated Historical Impact - MSCI USA Islamic (M-Series) Index

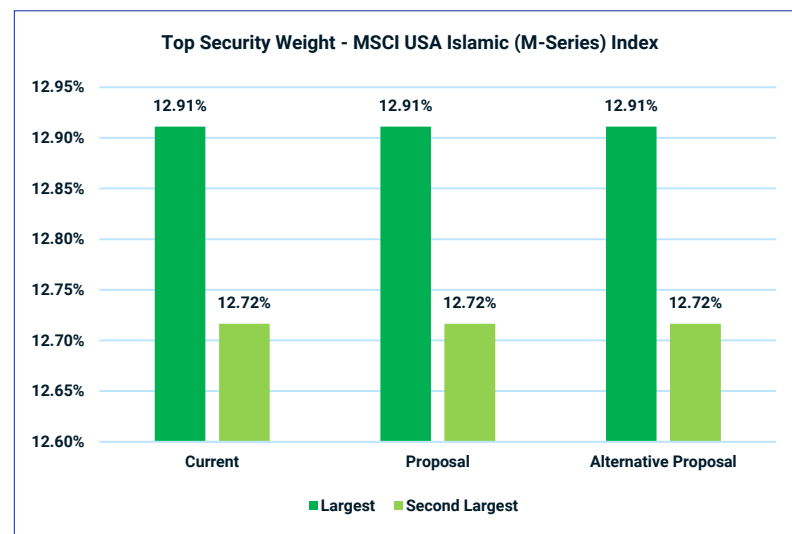
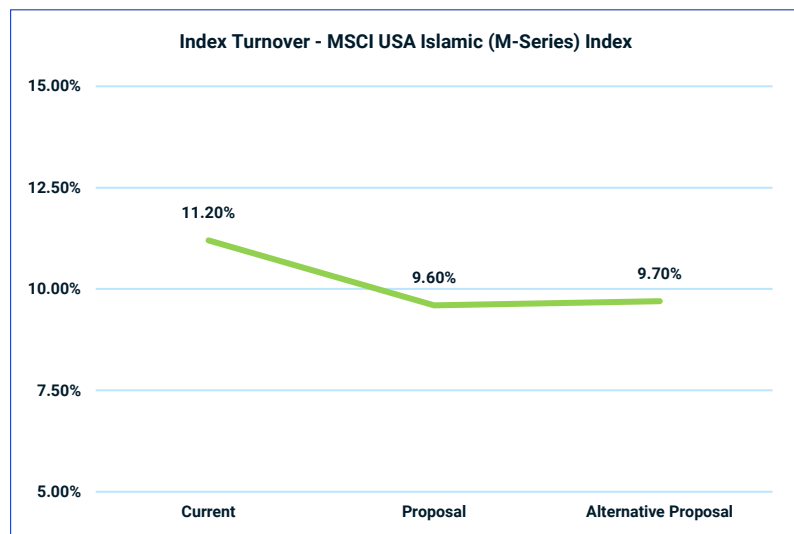
- The number of reversed index additions and deletions is lower across all proposals compared to the current MSCI USA Islamic (M-Series) Index.
- Index coverage increased compared to the current MSCI USA Islamic (M-Series) Index.



- The bar in the left chart (left Y-axis) represents the total number of reversed index additions and deletion in the MSCI USA Islamic (M-Series) Index over December 2015 to June 2024.
- The line in the left chart (right Y-axis) represents the average ratio of the number of reversed index additions and deletions to the number of total index additions and deletions per index review in the MSCI USA Islamic (M-Series) Index over December 2015 to June 2024.
- The bar (left Y-axis) and line (right Y-axis) in the right chart represent the average number of index constituents and the change in the average index Market Capitalization per index review in the MSCI USA Islamic (M-Series) Index over December 2015 to June 2024.

Simulated Historical Impact - MSCI USA Islamic (M-Series) Index

- Turnover decreased across all scenarios compared to the current MSCI USA Islamic (M-Series) Index.
- The weight of the largest and the second largest security is the same as the current MSCI USA Islamic (M-Series) Index as of May 2024 Index Review.

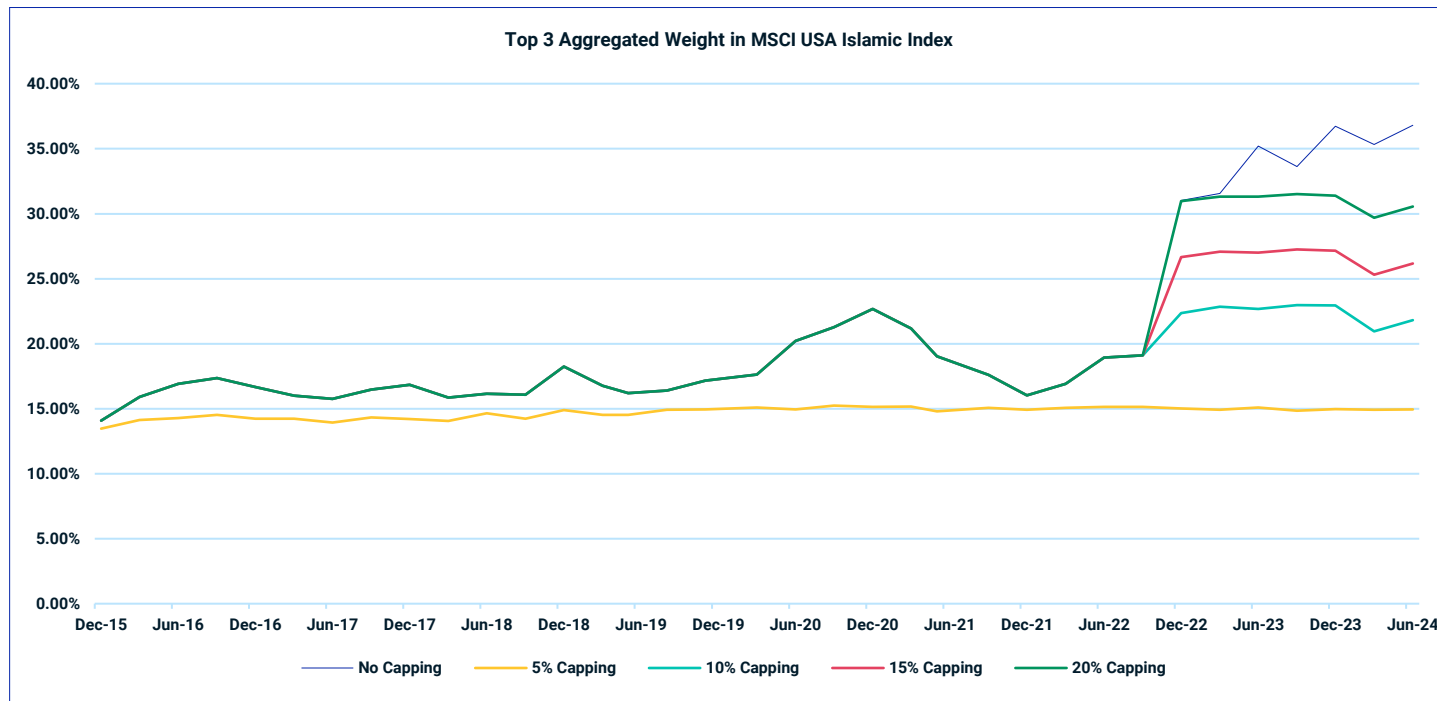


Simulated Historical Impact - MSCI USA Islamic (M-Series) Index

Key Metrics

MSCI USA Islamic (M-Series) Index	Current	Proposal	Alternative Proposal
Total Return* (%)	14.4	14.4	14.4
Total Risk (%)	16.1	16.2	16.2
Tracking Error (%)	0	0.2	0.1
Historical Beta	1	1	1
Number of Constituents***	229	231	231
Top 10 Constituents Weight (%)	33.7	33.5	33.5
Turnover** (%)	11.2	9.6	9.7
Period: Nov 30, 2015 to Jun 03, 2024. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages			

Simulated Historical Impact of Capping - MSCI USA Islamic Index



Simulated Historical Impact of Capping - MSCI USA Islamic Index

Key Metrics

MSCI USA Islamic Index	No Capping	5% Capping	10% Capping	15% Capping	20% Capping
Total Return* (%)	10.7	10.2	10.1	10.4	10.6
Total Risk (%)	15.5	15.6	15.6	15.5	15.5
Tracking Error (%)	0	1.5	1.1	0.7	0.3
Historical Beta	1	1	1	1	1
Number of Constituents***	137	137	137	137	137
Top 10 Constituents Weight (%)	43.2	39.1	41.7	42.3	42.8
Turnover** (%)	25.1	26.5	24.7	25.4	26
Period: Dec 31, 2015 to Jun 03, 2024. * Gross returns annualized in USD ** Annualized one-way index turnover over index reviews *** Monthly averages					

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United States +1 888 588 4567 *	South Africa + 27 21 673 0103	China + 86 21 61326611
Canada + 1 416 687 6270	Germany + 49 69 133 859 00	Hong Kong + 852 2844 9333
Brazil + 55 11 4040 7830	Switzerland + 41 22 817 9777	India + 91 22 6784 9160
Mexico + 52 81 1253 4020	United Kingdom + 44 20 7618 2222	Malaysia 1800818185 *
	Italy + 39 02 5849 0415	South Korea +82 70 4769 4231
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