



The world's first end-to-end
Shariah investing platform

Live Responsibly Invest Responsibly Invest Shariah

***i*-Stocks**

Shariah-compliant
Stocks

on Bursa Malaysia-i

***i*-Indices**

Shariah-compliant
Indices

on Bursa Malaysia-i

***i*-ETFs**

Shariah-compliant
Exchange
Traded Funds

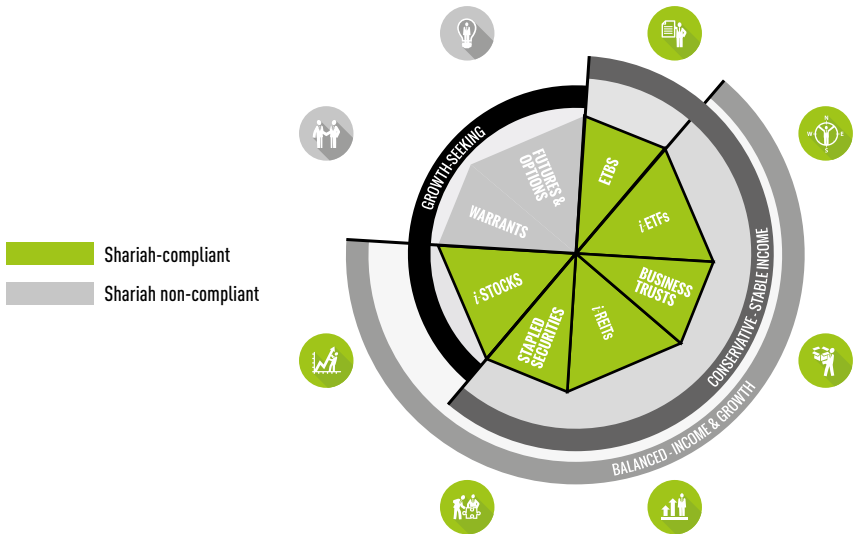
on Bursa Malaysia-i

***i*-REITs**

Shariah-compliant
Real Estate
Investment Trusts

on Bursa Malaysia-i

Which Type of Investor Are You?



Every investor has different goals, and your approach to achieving them depends on your risk / return appetite. You can find your investor type on this chart and then see what other Shariah-compliant products you might consider having in your portfolio besides the ones in this brochure.

There's Something for Everyone on Bursa Malaysia

Shariah Investing

Islamic Finance broadly refers to financial market transactions, operations and services that comply with Islamic rules, principles, philosophy and code of practices. The law and rules of the religion requires certain types of activities, risks or rewards to either be prohibited or promoted. This includes the Shariah Investing activities conducted by investors.

In general, Islamic Finance principled investments should not include:

- .01 RIBA (interest/usury)**
Excess or surplus charged over and above a loan, a deferred price or debt. Conventional finance services are based on riba (interest).
- .02 GHARAR (contractual uncertainty)**
Uncertainties in contracts regarding contracting parties, subject matter, price, etc. For justice and fairness - to avoid future disputes among contracting parties.
- .03 MAYSIR (gambling)**
Element of exploitation.
Pure games of chance where one party gains at the expense of the loss to the other party e.g. gambling and gaming.
- .04 Other non-permissible activities**
Conventional insurance.
Non-halal food or related products.
Tobacco-related products or activities.
Entertainment that contradicts Shariah.
Share trading in Shariah non-compliant securities.
Other non-permissible activities.

***i*-Stocks**

Shariah-compliant
Stocks

on Bursa Malaysia-*i*

Over 600 companies are Shariah- compliant

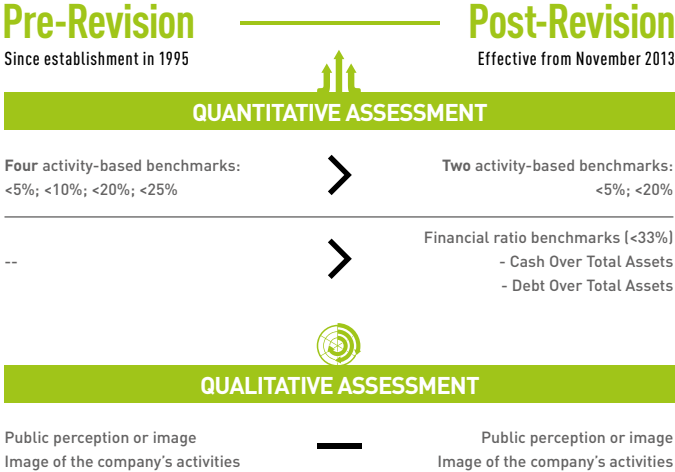
***i*-Stocks**

Bursa Malaysia as an integrated exchange offers a good breadth of quality Shariah-compliant stocks. The development of the Securities Screening Methodology by the Shariah Advisory Council (SAC) of Securities Commission Malaysia (SC) determines the Shariah compliance of securities listed and traded on Bursa Malaysia.

The Shariah compliance review is undertaken for securities of companies listed on the Exchange and during pre-initial public offering companies.

Each public listed company is reviewed based on the latest annual audited financial statements. The list of Shariah-compliant securities is updated and published every May and November.

The SAC adopts a two-tier quantitative and qualitative approach:



Source: Securities Commission (www.sc.com.my)

i-Indices

Shariah-compliant
Indices

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i-Indices

Bursa Malaysia has launched three indices to track the performance of Shariah-compliant securities, the FTSE Bursa Malaysia EMAS Shariah Index (FBM EMAS Shariah), the FTSE Bursa Malaysia Hijrah Shariah Index (FBM Hijrah Shariah) and the FTSE Bursa Malaysia Small Cap Shariah (FBM Small Cap Shariah).

They are designed for the creation of structured products, index tracking funds and Exchange Traded Funds or as performance benchmarks. The constituents are screened and tested on market capitalisation, free-float and liquidity. The review is done semi-annually in June and December.

FBMS

FTSE Bursa Malaysia EMAS Shariah

The index consists of Shariah-compliant constituents of the FBMEMAS that meet the screening requirement of the Shariah Advisory Council (SAC)

www.ftse.com

FBMHS

FTSE Bursa Malaysia Hijrah Shariah Index

The index consist of 30 largest Shariah-compliant companies in FBMEMAS screened by Yasaar Ltd and the Securities Commission's Shariah Advisory Council (SAC)

30 Constituents

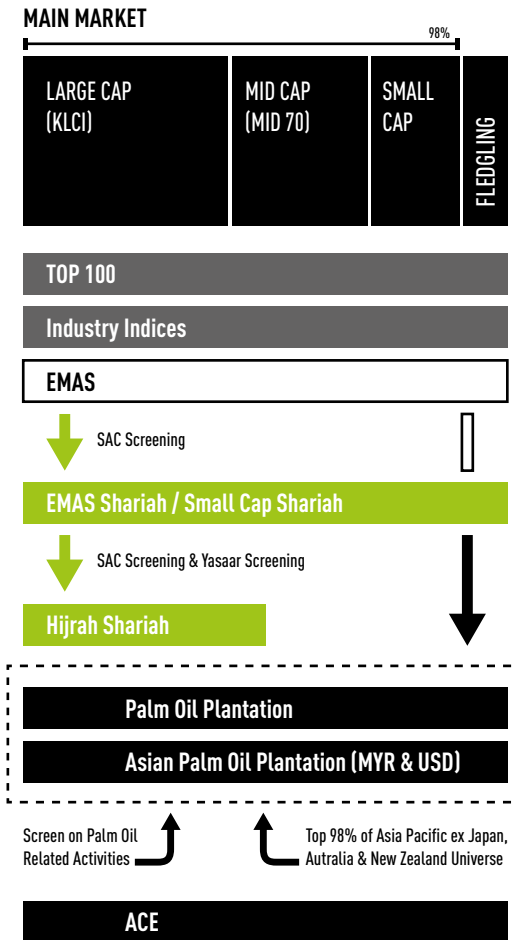
www.ftse.com

FBMSCAP

FTSE Bursa Malaysia Small Cap Shariah

This index comprises the constituents of the FTSE Bursa Malaysia Small Cap Index that are Shariah-compliant according to the SAC Screening methodology.

www.ftse.com



The FBM EMAS Shariah is a benchmark index that applies the principles set out by the SAC of the SC.

These Shariah-compliant companies are further filtered for FBM Hijrah Shariah which consists of the 30 largest Shariah-compliant companies in FBM EMAS Shariah screened by Yasaar Ltd., a leading global Shariah consultancy, to meet the requirements of international Shariah investors.

Source: FTSE

i-ETFs

Shariah-compliant
Exchange
Traded Funds

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WHAT ARE SHARIAH-COMPLIANT EXCHANGE TRADED FUNDS (*i*-ETFs)?

i-ETFs invest in a basket of Shariah-compliant stocks or instruments which track the performance of an index. *i*-ETFs are listed and traded on a stock exchange.

WHY INVEST IN *i*-ETFs?

.01

DIVERSIFICATION

Gain exposure to a basket of securities in a single transaction. Also, it is an efficient way to gain regional and international diversification.

.02

LOW COST

i-ETFs do not impose sale charges and have lower management fees (<1% compared to managed funds).

.03

TRADE LIKE STOCKS

Just like stocks, you can buy and sell anytime throughout the trading day.

.04

FULLY TRANSPARENT

Prices are available in real-time throughout the trading day. What's more – the investment portfolio is fully transparent as it tracks an index.

ALL ABOUT INVESTING IN *i*-ETFs

What do I have to pay when buying and selling *i*-ETFs?

Similar to buying and selling stocks, investors need to pay brokerage commission, stamp duty, clearing fees and GST, where applicable.

What determines the price of *i*-ETFs?

The market price of *i*-ETFs is usually very close to the Net Asset Value (NAV) of the fund i.e. market value of the underlying stocks and any net income not distributed. However, *i*-ETF prices can be affected by demand and supply in the market.

What are the expected returns?

Investment returns generally correspond to the price and yield performance of their underlying indices.

What are the minimum investment units?

i-ETFs are traded in minimum traded lots (board lots) of 100 units.

Do *i*-ETFs pay dividends?

Most *i*-ETFs pay dividends to their holders either half yearly or yearly. You are advised to refer to the distribution policy in the prospectus or offering documents of the *i*-ETFs.

How are transactions in *i*-ETFs settled?

In the same manner as shared transactions i.e. not later than 3 market days after the transaction date (T+3).

Is there any risk?

Yes, investing in *i*-ETFs, similar to stocks, is subject to the ups and downs of the market. The performance of the *i*-ETFs may be directly affected by the market and its underlying Shariah-compliant stocks.

What should I do before investing in *i*-ETFs?

You are advised to know the following before investing:

- Investment objectives and strategies of the *i*-ETFs
- Underlying info tracked by *i*-ETFs
- Dividend policy
- Fees and charges that will be borne by you as an investor
- Trading information of *i*-ETFs
- Information about the management company

PRODUCT COMPARISON



	ETFs	Stocks	Unit Trust
Diversification with one security	✓	✗	✓
Real-time price dissemination	✓	✓	✗
Buy and Sell via	Broker	Broker	Agent
Purchase of ETFs / Stocks / Unit Trust	T+3	T+3*	Upfront

*T+3 means the 3rd market / business day after trade date.

COST OF TRADING



	ETFs	Stocks	Unit Trust
Sales Charge	✗	✗	✓
Brokerage Commission / Clearing Fee / Stamp Duty	<1%	<1%	-

MANAGEMENT FEE



	ETFs	Stocks	Unit Trust
Management Fee	<1%	-	1-2%

*The management fee is a standard feature of ETFs and unit trust. The management fee is reflected in the Net Asset Value (NAV) and unit price of the ETF or unit trust

i-REITs

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i-REITs

The easiest way to invest in large-scale real estate

Real estate or property is a key asset class in an investment portfolio. Typically, before *i*-REITs were introduced, an investor may invest in property stocks and/or physical (landed) property to get exposure in the real estate sector. You now have another option i.e. to invest in *i*-REITs by paying only a fraction of the real estate prices. In other words, *i*-REITs provide a way to invest in quality large-scale commercial real estate without having to buy the properties directly. *i*-REITs typically offer you a stable income stream and attractive distribution yields.

➤ **Understanding *i*-REIT: What are *i*-REITs?**

Islamic Real Estate Investment Trusts (*i*-REITs) are funds or trusts that own and manage income-producing Shariah-compliant commercial real estate (shopping complexes, hospitals, plantations, industrial properties, and office blocks). A management company for *i*-REITs are permitted to deduct distribution paid to its shareholders from its corporate taxable income. However, to enjoy this tax-free status, the *i*-REIT must have most of its assets and income tied to the real estate and distribute at least 90% of its total income to investors/unit holders annually. *i*-REITs are listed on a stock exchange trade just like *i*-stocks.

➤ **Why invest in *i*-REITs? Benefits of investing in listed *i*-REITs :**

- **Affordability:** Investments in *i*-REITs cost a fraction of the cost of direct investment in real estate. You can start off with minimal investment outlay.
- **Liquidity:** *i*-REITs are more liquid compared to physical properties. Units of listed *i*-REITs are readily converted to cash as they are traded on the stock exchange.
- **Stable income stream:** *i*-REITs tend to pay out steady incomes (similar to dividends), which are derived from existing rents paid by tenants who occupy the *i*-REITs' properties.
- **Exposure to large-scale real estate:** You can derive the benefits of the real estate on a pro-rated basis through *i*-REITs, a quality investment which is affordable.
- **Professional management:** You benefit from having *i*-REITs and its underlying assets managed by professionals who will add value for a higher yield.

➤ **What are the investment considerations?**

Apart from the general market risks of economy, politics, capital market and dividends, you should be aware of the following:

- **Management quality and corporate structure** of *i*-REITs, in particular the *i*-REIT manager (good track record and reputation).
- **Investment objectives and strategies** of *i*-REITs.
- **Quality of the real estate**, including factors such as mortgages, occupancy rates and geographical locations.
- **Distribution policy and tax rules.**

➤ **What kind of returns can be expected from *i*-REITs?**

Typically, the returns to unit holders of *i*-REITs can be in the form of:

- Income distribution based on the distribution policy stated in the *i*-REIT's deed; and/or
- Capital gains which may arise from appreciation of the *i*-REIT's price.

➤ **Performance indicators of *i*-REITs**

Distribution Yield: The yield is normally published in the business section of major daily newspapers. It is derived from the following formula:

$$\text{Distribution Yield} = \frac{\text{Income distribution paid to an } i\text{-REIT unit holder}}{i\text{-REIT's price paid by the unit holder}} \\ \text{(or the prevailing market price of the } i\text{-REIT)}$$

Other indicators include the following which are available in annual reports:

- Net Asset Value (NAV): The value of an *i*-REIT is based on its tangible real estate holdings. This is calculated by the total assets of a company after subtracting all its liabilities.
- Management expense ratio: The percentage of operating expenses (management fees, etc.) incurred to the NAV.
- Total return: The change in an *i*-REIT's price for the period under review plus any income distribution received during the period.

Getting Started

Shariah-compliant products trade just like conventional products, subject to the same trading, payment and settlement rules (T+3). You need to open a CDS account and a Shariah trading account with an Islamic participating organization i.e. a registered broker that provides Islamic stockbroking services.

For more information, visit www.bursamalaysia.com

#investShariah

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