

The Importance of Islamic Indexes for ETFs

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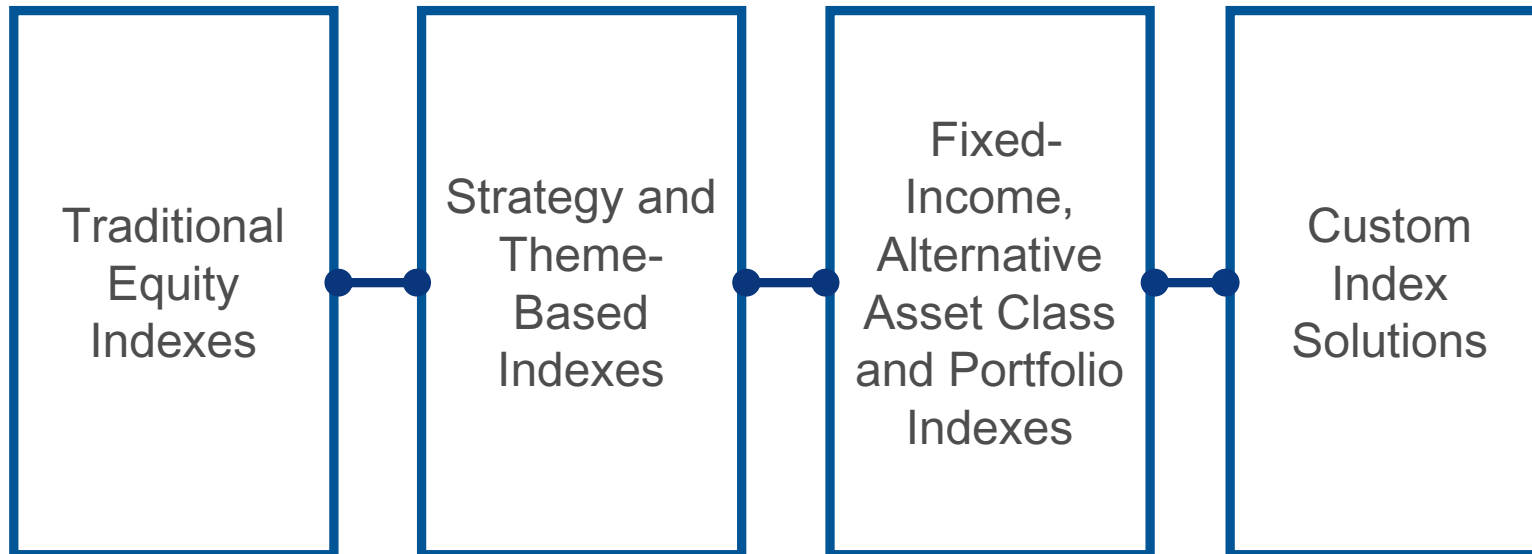


Presentation Overview

- Dow Jones Indexes Products and Capabilities
- Structure of Islamic Finance
- Snapshot of the Islamic Investment Industry
- Indexes Uses
- Importance of ETFs
- What's Driving the Market Today?

Dow Jones Indexes Products and Capabilities

Dow Jones Indexes is a leading full-service index provider that develops, maintains and licenses indexes for use as benchmarks and as the basis of investment products. Dow Jones offers more than 130,000 market indexes, providing solutions for nearly any indexing need:



Dow Jones Indexes Products and Capabilities

Dow Jones Islamic Market Indexes

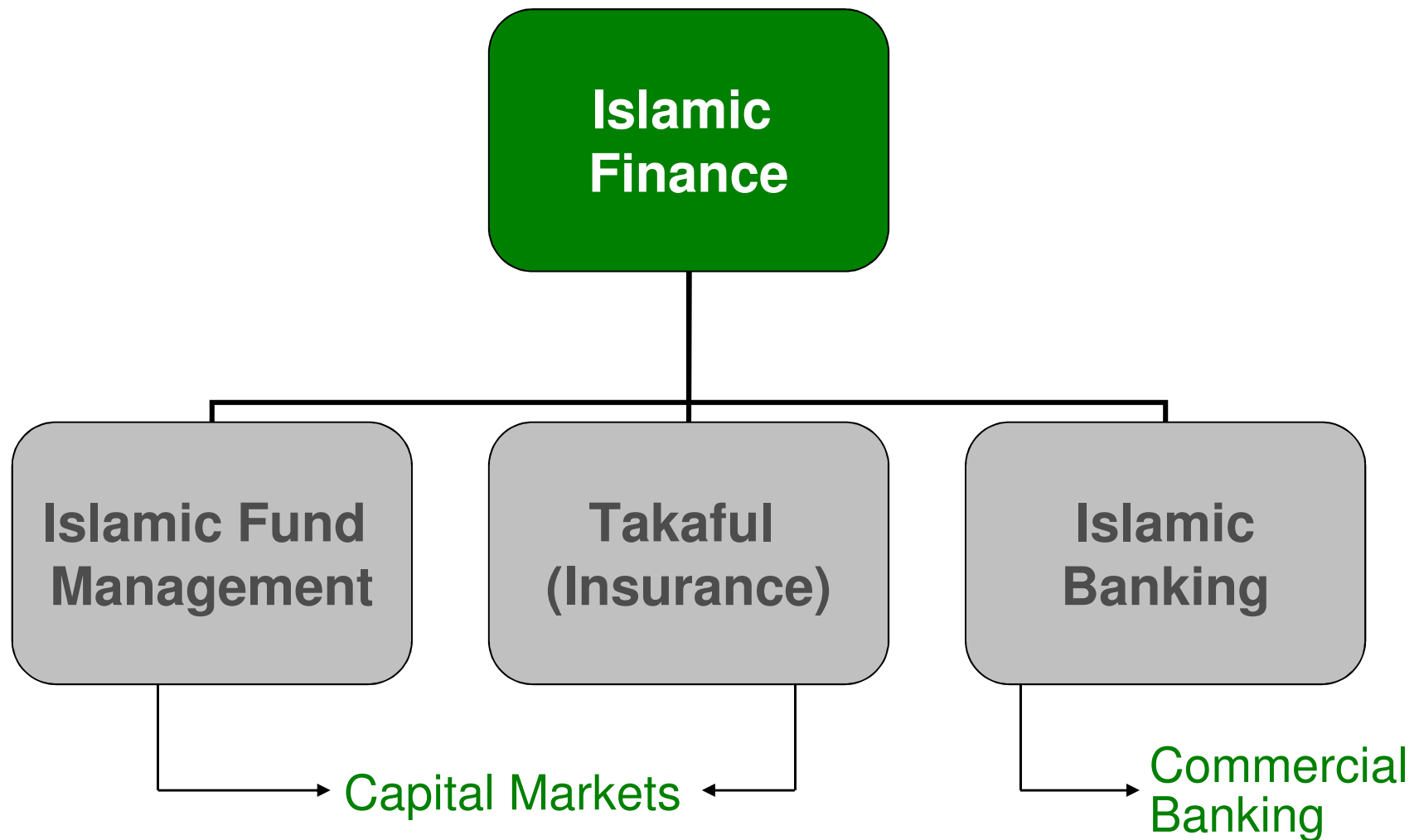
- The Dow Jones Islamic Market Indexes (DJIM) were introduced in 1999 as the first benchmarks to represent Islamic-compliant portfolios.
- The DJIM family includes regional, country, industry and market-cap-based indexes all of which are subsets of the Dow Jones Islamic Market World Index.
- The purpose is to provide a definitive standard for measuring stock market performance for Islamic investors on a global basis, in accordance with the DJI methodology and the Islamic investment guidelines.
- Today the series encompasses a wide variety of indexes and remains the most comprehensive family of Islamic market measures around the globe.
- The indexes are maintained based on a stringent and published methodology.

Dow Jones Indexes Products and Capabilities

The Dow Jones Islamic Market Index family includes global, regional, country, industry and market cap-based indexes:

Global Indexes
Titans (Blue Chip Indexes)
U.S. Indexes
Europe and Eurozone Indexes
MENA and GCC Indexes
Asia/Pacific Indexes
Specialty Indexes
Other country/Regional Indexes
Fixed Income Indexes

Structure of Islamic Finance



A Snapshot of the Islamic Investment Industry

- There are approximately **600** Islamic financial institutions operating around the world, including banks, mutual fund providers, and Takaful providers.
- Islamic financial institutions control at least **\$650** billion in worldwide assets (estimated).
- There are only **\$20** billion in Islamic equity funds comprising over **300** funds and only **7** Islamic ETFs (exchange traded funds), none of which are domiciled in the GCC. Compare this to the global ETF market with \$1 trillion in assets.
- There are an additional **300+** Islamic funds from various other asset classes including, short-term trading instruments, sukuk, real estate and private equity.
- Approximately half of all assets in Islamic funds come from Saudi Arabia.

Index Uses

Indexes have a wide variety of uses:

- Benchmarking (active funds)
- Tracking (passive funds)
- Structured products
- ETFs

Index Rules

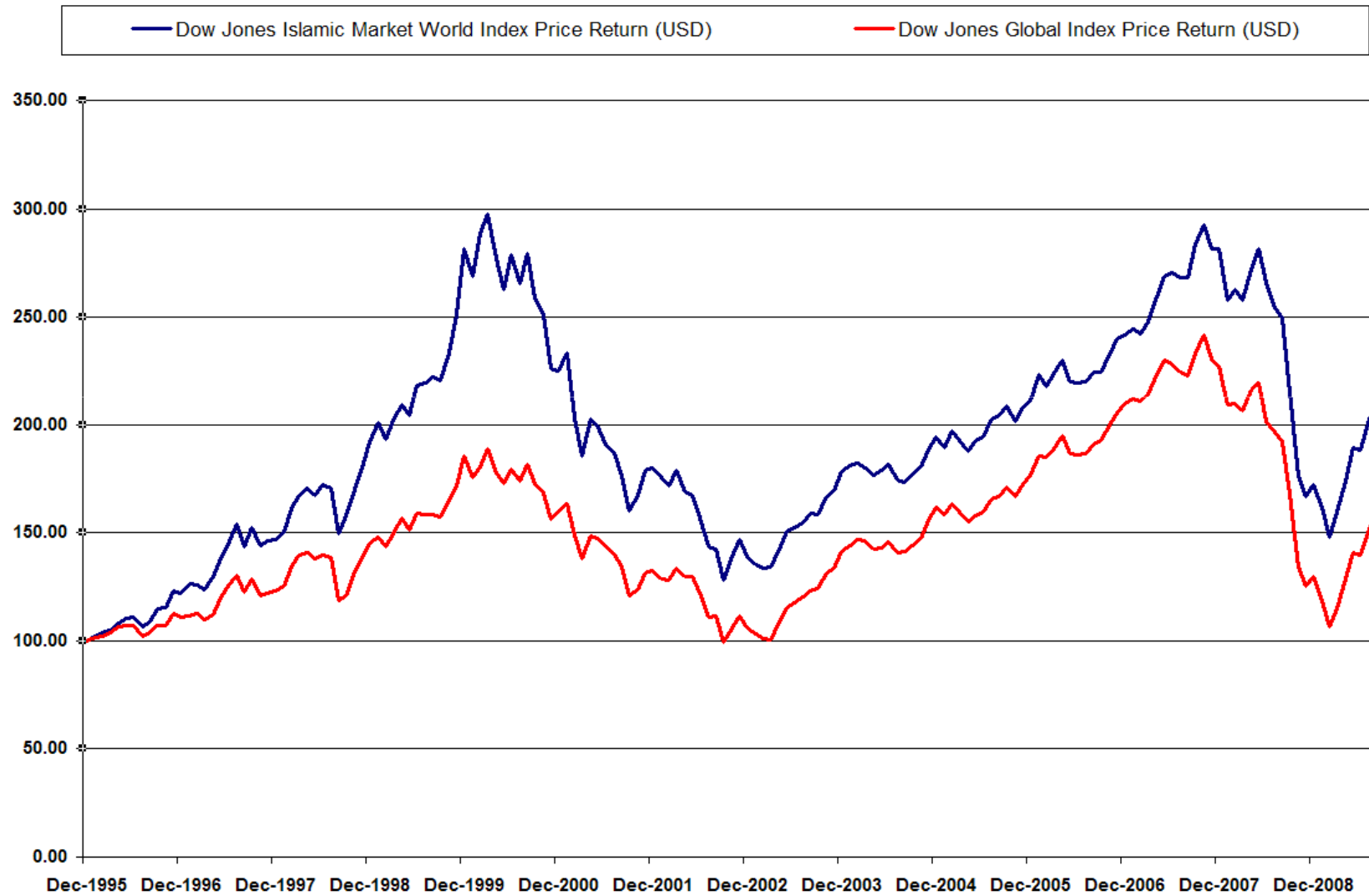
- Each index is governed by a set of rules that set it apart from other indexes (i.e. operating guidelines)
- These rules establish the guidelines for securities to be included or excluded in an index (such as type of security, size, location, trading volume)
- Once established, index rules rarely change

Growing importance of ETFs

Why are investors around the world increasingly investing in ETFs:

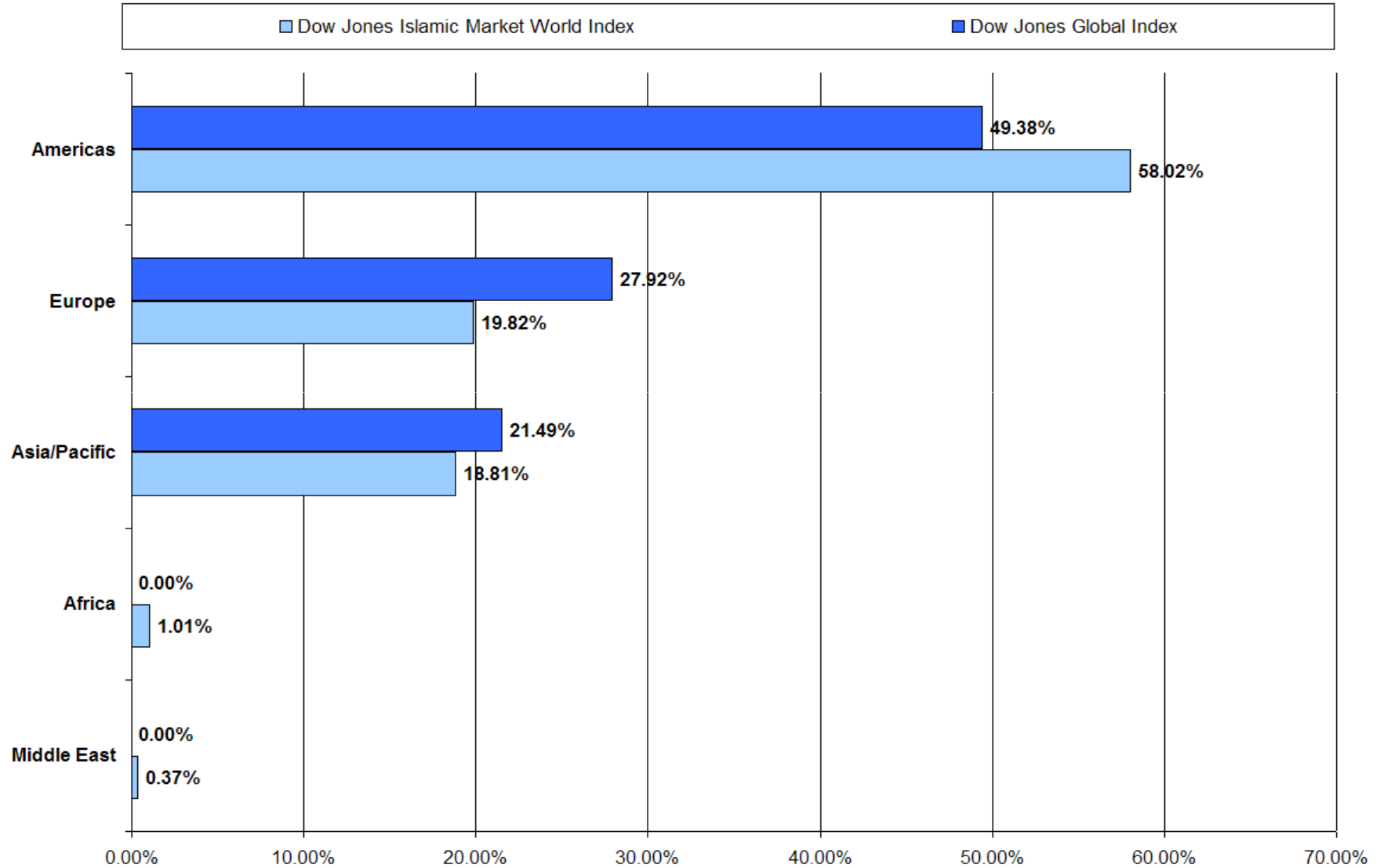
- Passive investing has been proven to outperform active funds over the long term.
- ETFs are an efficient low-cost way to invest in equities.
- Since ETFs must track an index, the rules are clear and transparent leaving investors with peace-of-mind.
- ETFs are an attractive tool that lets investors from around the world access local markets.

Index Performance (DJIM World vs. Dow Jones World Index)



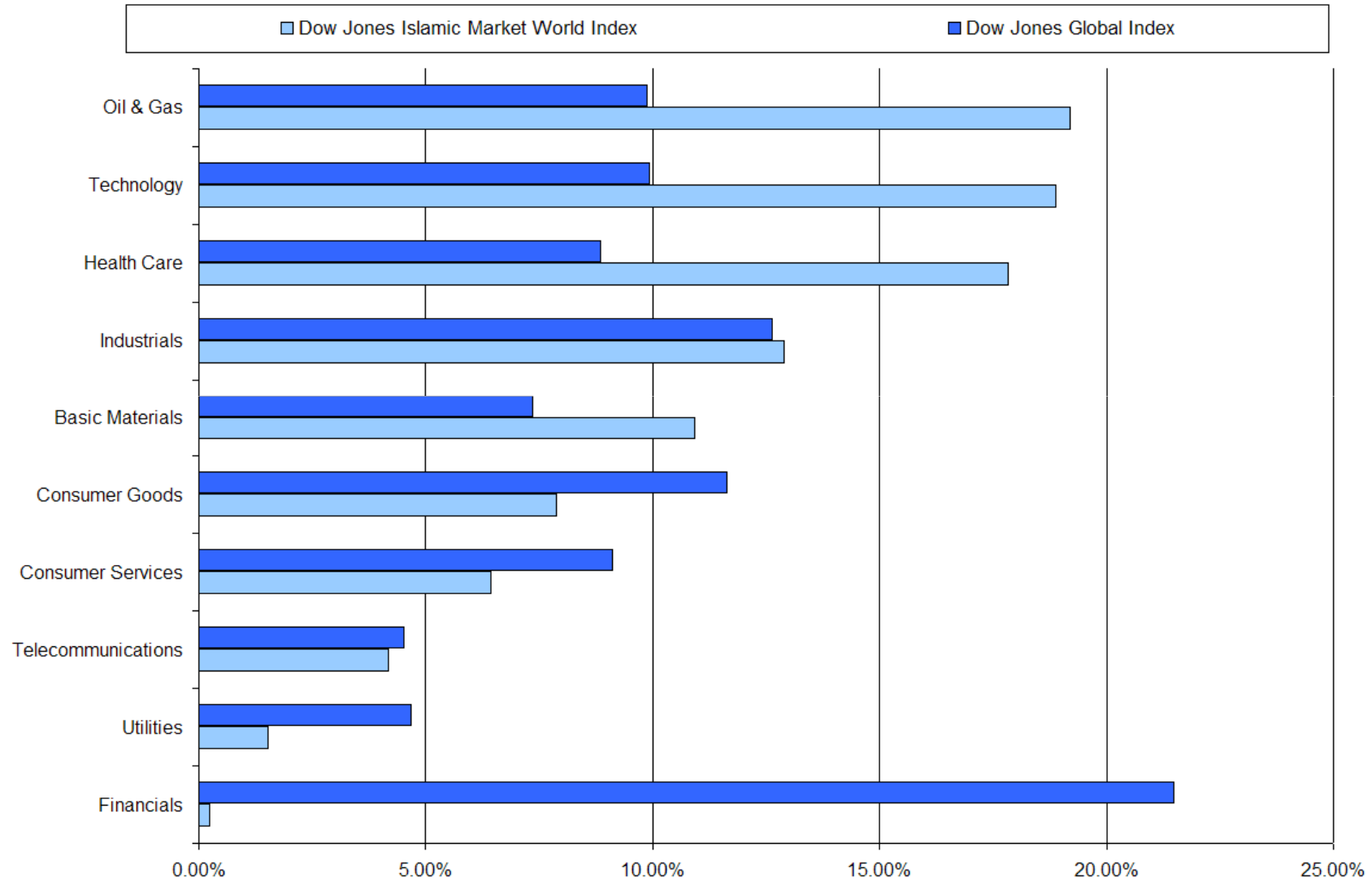
Source: Dow Jones Indexes, 31 August 2009

Regional Allocation



Source: Dow Jones Indexes, 31 August 2009

Industry Allocation



Source: Dow Jones Indexes, 31 August 2009

What's Driving the Market Today

- Local and regional investments only
 - Exchange traded funds (ETFs)
 - Structured products based on an index
 - Sukuk and sukuk funds
 - Some/growing interest in commodity funds
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- Back to basics investing styles, nothing complex or difficult to explain; hedge funds and derivative-type products have never worked in Islamic finance

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