

# MSCI GCC Countries ex Saudi Arabia Islamic Indices

17 indices for the Gulf Cooperation Council (GCC) and Arabian markets region, reflecting Sharia investment principles, including dividend purification.

The MSCI GCC Countries ex Saudi Arabia Islamic Indices are derived from MSCI's GCC country indices. The MSCI Islamic Index Series Methodology screens the securities of the MSCI country indices against certain business activities and financial ratios. A dividend adjustment factor is also applied to any non-Sharia compliant income.

## Key Features & Benefits

**Replicable and Investable Indices** — The MSCI GCC Countries ex Saudi Arabia Islamic Indices provide managers and investors in the GCC region with indices that are replicable and investable, by reflecting the investment constraints for domestic and international investors.

**Rigorous Index Construction** — As with all MSCI equity indices, the MSCI Islamic Indices reflect a rigorous approach to index construction, incorporating size segmentation, free float adjustment, liquidity and size guidelines, and annual and quarterly index reviews.

**Reflects Sharia Investment Principles** — In March 2007, the Sharia Supervisory Board of Dar Al Istithmar granted a Fatwa on the MSCI Islamic Index Series Methodology, confirming that it is in compliance with generally accepted Sharia guidelines. The Sharia scholars who signed the Fatwa are some of the most widely respected and distinguished scholars from the world of Islamic Finance.

- Dr Hussain Hamid Hassan
- Dr Ali AlQaradaghi

- Dr Abdul Sattar Abu Ghuddah
- Dr Mohamed Daud Bakar
- Dr Abdulaziz Fawzan Saleh Alfawzan

**Periodic Monitoring** — The Sharia Advisory Board, under the guidance of Dr Hamid Hassan, reviews the ongoing compliance of the indices with the Fatwa.

**Incorporates Dividend Purification** — The MSCI GCC Countries ex Saudi Arabia Islamic Indices are more relevant benchmarks because they reflect the total return of an Islamic portfolio where re-invested dividends have been "purified".

**Index Licensing** — The MSCI GCC Countries ex Saudi Arabia Islamic Indices may be licensed for use by institutional investors around the world for portfolio management and benchmarking purposes. The indices may also be licensed to serve as the basis of structured products and other index-linked investment vehicles such as ETFs.

## MSCI GCC Countries ex Saudi Arabia Islamic Indices – Index Screens

Business Activity Screening	Financial Ratio Screening	Dividend Purification
Screen out companies that are directly active in, or that derive 5% or more of their cumulative revenue, from the following activities	Screen out companies that derive significant income from interest or companies that have excessive leverage, using the following three financial ratios	Apply "dividend adjustment factor" to all reinvested dividends
<ul style="list-style-type: none"> <li>▪ Alcohol</li> <li>▪ Tobacco</li> <li>▪ Pork related products</li> <li>▪ Financial Services</li> <li>▪ Defence / Weapons</li> <li>▪ Gambling / Casino</li> <li>▪ Music</li> <li>▪ Hotels</li> <li>▪ Cinema</li> <li>▪ Adult Entertainment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Total debt over total assets</li> <li>▪ Sum of cash and interest-bearing securities over total assets</li> <li>▪ Sum of accounts receivables and cash over total assets</li> </ul> <p>The financial ratios may not exceed 33.33%. A lower threshold of 30% is used for new inclusions to Islamic Indices.</p> <p>Sharia compliant debt and Sharia compliant instruments will be excluded a) from total debt when calculating the ratio of total debt over total assets, and b) from the numerator when calculating the ratio of cash and interest-bearing securities over total assets.</p>	<ul style="list-style-type: none"> <li>▪ Total earnings – [(income from prohibited activities + interest income) / total earnings]</li> </ul> <p>Total earnings are defined as gross income, and interest income is defined as operating and non-operating interests.</p>

For more details on the ratio calculations, see the [MSCI Islamic Index Series Methodology](#).  
Note: Islamic Financial Institutions are not subject to Financial Ratio Screening.

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## MSCI GCC Countries ex Saudi Arabia Islamic Indices – Product Information

The MSCI GCC Countries ex Saudi Arabia Islamic Indices are available as part of the MSCI Islamic Core Plus EM Module and MSCI Islamic Small Cap Plus EM Module. Historical data modules are also available – contact MSCI Global Client Service for details.

### Summary of Additional Data Provided in the Modules

- Security level data and dividend data are available in the MSCI Islamic Core Plus EM Module and MSCI Islamic Small Cap EM Module
- Index level data is available in the existing MSCI EM Core Module
- The MSCI Islamic Index ACE File provides advance notice of corporate events affecting the constituents of the MSCI GCC Countries ex Saudi Arabia Islamic Indices

Index Level Data	Security Level Data	Dividend Data
<ul style="list-style-type: none"> <li>▪ Index with Purified Gross Dividends (USD/Local)</li> <li>▪ Index with Purified Net Dividends (USD/Local)</li> <li>▪ Purified Index Yield</li> </ul>	<ul style="list-style-type: none"> <li>▪ Islamic Inclusion Flag Today</li> <li>▪ Islamic Inclusion Flag Next Day</li> <li>▪ Pro Forma Islamic Inclusion Flag</li> <li>▪ Purified Gross DTR Local</li> <li>▪ Purified Gross DTR USD</li> <li>▪ Purified Net DTR Local</li> <li>▪ Purified Net DTR USD</li> <li>▪ Dividend ISO Currency Symbol</li> <li>▪ Dividend Sub-unit</li> <li>▪ Purified Dividend Per Share</li> <li>▪ Dividend Per Share Date</li> <li>▪ Purified Yield</li> </ul>	<ul style="list-style-type: none"> <li>▪ MSCI Gross Dividend Amount</li> <li>▪ MSCI Net Dividend Amount</li> <li>▪ MSCI Purified Gross Dividend Amount</li> <li>▪ MSCI Purified Net Dividend Amount</li> </ul>

### Reporting and Delivery

- Modules are available in daily and monthly frequency
- Data is available for index and security levels
- Delivery occurs by 03:00 am CET (next day) for the MSCI Islamic Core Plus EM Module and MSCI Islamic Small Cap Plus EM Module during week days. Sunday files are delivered at 5:30 pm CET on Sunday.
- Direct delivery via internet FTP or XML
- Vendors

## About MSCI

MSCI is a leading provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indices, portfolio risk and performance analytics, and governance tools. The company's flagship product offerings are: the MSCI indices which include over 120,000 daily indices covering more than 70 countries; Barra portfolio risk and performance analytics covering global equity and fixed income markets; RiskMetrics market and credit risk analytics; ISS governance research and outsourced proxy voting and reporting services; FE valuation models and risk management software for the energy and commodities markets; and CFRA forensic accounting risk research, legal/regulatory risk assessment, and due-diligence. MSCI is headquartered in New York, with research and commercial offices around the world.

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