



**In the Name of Allah, The Most Kind and The Most Merciful**

**20<sup>th</sup> April 2022**  
**Shariah Certificate No.: MSFA-001**

# **Shariah Compliance Certificate**

## **For Musaffa's Stock Screening Methodology**

This certificate constitutes a pronouncement by the Shariah Advisors of Musaffa regarding their methodology and approach to Shariah compliance.

We have reviewed the following documents:

1. Terms of Use
2. Market Data Agreement
3. Musaffa Stock Screening Documentation

We are of the view that the Shariah screening methodology adopted by Musaffa **conforms with the global Islamic Finance industry practice.**

Although this certificate endorses the methodology, proper implementation in accordance with what has been reviewed and discussed is the sole responsibility of the Musaffa team.

To Allah belongs all praise.

DocuSigned by:

*Mufti Faraz Adam*

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**Mufti Faraz Adam**

**Shariah Board Member**

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*Dr Aznan Hasan*

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ADVISORS

In the Name of Allah, The Most Kind and The Most Merciful

# Sharia Certificate

## For Musaffa's ETF Screening Criteria

28 April 2025 – 27 April 2026

This certificate constitutes a pronouncement by Amanah Advisors as the Sharia Board of Musaffa regarding the acceptability of the ETF Screening Criteria.

We confirm that we have reviewed the criteria and advised on making it acceptable, and we are of the view that the screening criteria for Equity ETFs are acceptable. The screening only applies to equity-based ETFs and not any other type of ETF. The approved screening criteria can be seen in Appendix 1.

Although this certificate endorses the documentation and processes, proper implementation in accordance with what has been reviewed and discussed is the sole responsibility of the end-user. Participants must perform their own due diligence before investing. This certificate is not financial advice and Amanah Advisors does not bear any liability or responsibility to any adverse outcome.

To Allah belongs all praise.

**Shaykh Dr Aznan Hasan**  
Sharia Board Member

**Mufti Faraz Adam**  
Sharia Board Member

## Appendix 1: ETF Screening Criteria

The criteria have been developed on the idea that an ETF can be considered similar to a holding company that allows these vehicles to diversify their investments in a collection of assets or companies, and similarly, both ETF and holding companies are vehicles which represent an indirect ownership interest in the underlying companies.

The screening is done at two levels:

- 1. Fund Level Screening**
- 2. Portfolio Level**

### **1. Fund Level Screening**

- 1a. The following ETFs are all excluded immediately:
  - a. Leveraged ETFs
  - b. Long/short ETFs
  - c. Inverse ETFs
  - d. Commodity ETFs
  - e. Currency ETFs
  - f. Asset Allocation ETFs
  - g. Alternative ETFs
  - h. Fixed Income ETFs
- 1b. **Only an Equity ETF** is permitted to undergo the following screening.
- 1c. If the Equity ETF has cash or cash-equivalent holdings, then those holdings are added to the total interest-bearing securities and assets for screening purposes.
- 1d. If the Equity ETF has a holding as debt payables, then that debt is also added to the total interest-bearing debt for screening purposes.

### **2. Portfolio Screening**

- 2a. If the core business of any of the holdings within an ETF is clearly prohibited (such as conventional banking, insurance, pornography, alcohol or tobacco), then the entire ETF will be deemed non-compliant for the purpose of this screening criteria.

#### **Revenue Screening**

- 2b. More than 95% of the revenue must be generated from Halal sources to be classed as Halal.
- 2c. If there is doubtful revenue that is equal to 5% or more, the Equity ETF will be classed as 'Doubtful'. Investors are discouraged from investing in such ETFs.

- 2d. If there is Not Halal revenue that is equal to 5% or more, the Equity ETF will be classed as 'Not Halal'. It is not permitted to invest in such ETFs.
- 2e. If the combination of Not Halal and Doubtful exceeds 5% with the majority being Doubtful, then the Equity ETF will be classed as Doubtful.
- 2f. If the combination of Not Halal and Doubtful exceeds 5% with the majority being Not Halal, then the Equity ETF will be classed as Not Halal.

#### **Interest-Bearing Securities and Assets Screening**

- 2g. Interest-bearing securities and assets of the holdings in the ETF must be below 30% of the total market capitalisation of the ETF.
- 2h. If the Equity ETF has cash holdings or cash equivalent, then that is also added to the total interest-bearing securities and assets.

#### **Interest-Bearing Debt Screening**

- 2g. Interest-bearing debt of the holdings in the ETF must be below 30% of the total market capitalisation of the ETF.
- 2h. If the Equity ETF has a holding as debt payables, then that debt is also added to the total interest-bearing debt.