

FTSE TWSE RAFI TAIWAN INDEX SERIES

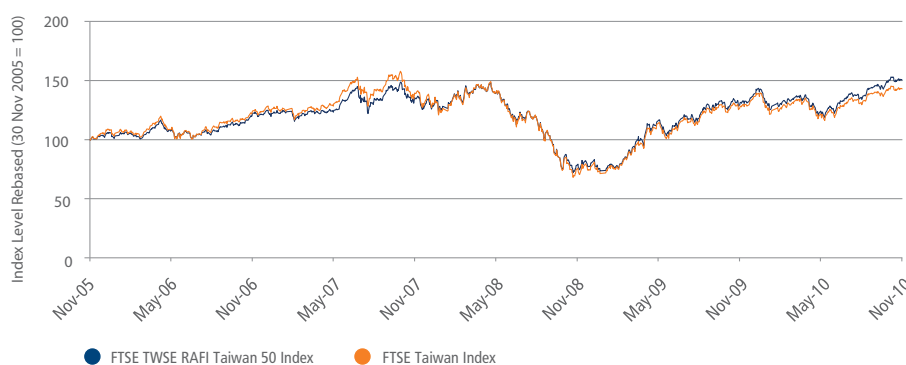
The FTSE TWSE RAFI Taiwan Index Series has been designed to provide investors with the tools to gain exposure to Taiwanese companies according to fundamental weightings rather than the more traditional market capitalisation approach.

Launched in association with the Taiwan Stock Exchange, FTSE Group and Research Affiliates, the indices weight constituents using four fundamental factors: total cash dividends, free cash flow, total sales and book equity value. By combining local market knowledge with international indexing and research capabilities, a superior set of indices has been created for both domestic and international investment professionals.

The FTSE TWSE RAFI Taiwan Index Series includes:

- **FTSE TWSE RAFI Taiwan 50 Index:** the top 50 Taiwanese companies with the largest RAFI fundamental values;
- **FTSE TWSE RAFI Taiwan 100 Index:** the next 100 Taiwanese companies (outside the top 50) with the largest RAFI fundamental values.

FTSE TWSE RAFI TAIWAN 50 INDEX 5-YEAR PERFORMANCE (TWD TOTAL RETURN)



SOURCE: FTSE Group, data as at 30 November 2010

FTSE TWSE RAFI TAIWAN 50 INDEX PERFORMANCE AND VOLATILITY TABLE (TWD TOTAL RETURN)

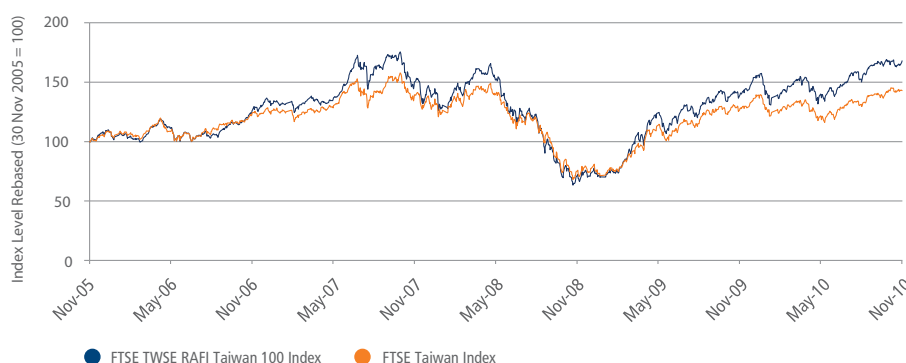
	PERFORMANCE						VOLATILITY				
	3M (%)	6M (%)	YTD (%)	12M (%)	3YR (%)	5YR (%)	3YR (%pa)	5YR (%pa)	1YR Vol (%pa)*	3YR Vol (%pa)**	5YR Vol (%pa)**
FTSE TWSE RAFI Taiwan 50 Index	12.1	21.2	8.7	16.0	10.9	50.3	3.5	8.5	16.8	26.9	22.5
FTSE Taiwan Index	10.3	17.3	4.8	12.7	2.5	42.8	0.8	7.4	17.3	28.9	24.4

* Based on daily total returns and annualised based on 260 trading days in a year

** Based on monthly total returns

SOURCE: FTSE Group, data as at 30 November 2010

FTSE TWSE RAFI TAIWAN 100 INDEX 5-YEAR PERFORMANCE (TWD TOTAL RETURN)



SOURCE: FTSE Group, data as at 30 November 2010

FEATURES

- Offers the advantages of an active management strategy with the highlights of passive investment: lower turnover costs and transparent rules-based selection, whilst retaining high investment capacity
- By using fundamental factors rather than prices to weight stocks, reviews of the indices take advantage of price movements by reducing the index's holdings in constituents whose prices have risen relative to other constituents, and increasing holdings in companies whose prices have fallen behind
- Fundamental weighting does not increase exposure to high P/E stocks during episodes of unsustainable P/E expansion. It therefore avoids overexposure to the more overvalued stocks
- Capital and total return versions of the index are available
- Stocks are free-float weighted to ensure that only the investable opportunity set is included within the indices
- Stocks are liquidity screened to ensure that the index is tradable
- The series is calculated in accordance with the Industry Classification Benchmark, the global standard for industry sector analysis
- The indices are designed for trading of derivatives, index-tracking funds, exchange traded funds (ETFs) and performance benchmarks
- The indices are managed according to a transparent and public set of index rules, and overseen by an independent committee of leading market professionals

FTSE TWSE RAFI TAIWAN 100 INDEX PERFORMANCE AND VOLATILITY TABLE (TWD TOTAL RETURN)

	PERFORMANCE								VOLATILITY		
	3M (%)	6M (%)	YTD (%)	12M (%)	3YR (%)	5YR (%)	3YR (%pa)	5YR (%pa)	1YR Vol (%pa)*	3YR Vol (%pa)**	5YR Vol (%pa)**
FTSE TWSE RAFI Taiwan 100 Index	11.8	20.0	9.1	21.0	11.8	68.0	3.8	10.9	20.2	35.9	30.4
FTSE Taiwan Index	10.3	17.3	4.8	12.7	2.5	42.8	0.8	7.4	17.3	28.9	24.4

* Based on daily total returns and annualised based on 260 trading days in a year

** Based on monthly total returns

SOURCE: FTSE Group, data as at 30 November 2010

INFORMATION
Index Universe

FTSE Global Equity Index series

Index Launch

27 October 2008

Base Date

26 March 2008

Base Value

5000

Investability Screen

Free float adjusted and liquidity screened

Index Calculation

Real-time and end-of-day indices available.

Real-time index calculated every 15 seconds

End-of-Day Distribution

Indices available at 17:30 hours local time

(09:30 hours London time GMT or 10:30 hours

BST) via FTP and email

Currency

TWD & USD. Real time calculated in TWD only

Review Dates

Reviewed annually in March

Index Rules

www.ftse.com/taiwan

Vendor Codes

www.ftse.com/taiwan

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TAIWAN
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FTSE TWSE RAFI TAIWAN 50 INDEX TOP 10 CONSTITUENTS

Rank	Constituent Name	ICB Supersector	Net Mkt Cap (TWDm)*	Index Weight (%)
1	Taiwan Semiconductor Manufacturing	Technology	53,616	11.67
2	Formosa Plastics Corp	Chemicals	18,230	8.02
3	Hon Hai Precision Industry	Industrial Goods & Services	34,026	6.47
4	HTC Corporation	Technology	22,549	5.11
5	China Steel	Basic Resources	13,928	4.27
6	Chunghwa Telecom	Telecommunications	23,563	4.21
7	Nan Ya Plastics	Chemicals	17,508	3.93
8	Formosa Chemicals & Fibre	Chemicals	16,874	3.53
9	AU Optronics	Technology	8,774	3.33
10	Mega Financial Holding	Banks	7,427	2.15
	Totals		216,495	52.69

* free float adjusted market cap before application of the FTSE RAFI adjustment factor

SOURCE: FTSE Group, data as at 30 November 2010

FTSE TWSE RAFI TAIWAN 50 INDEX ICB SUPERSECTOR BREAKDOWN

ICB Code	ICB Supersector	No. of Constituents	Net Mkt Cap (TWDm)*	Index Weight (%)
9500	Technology	16	160,424	38.45
1300	Chemicals	3	52,612	15.48
2700	Industrial Goods & Services	7	56,491	12.72
8300	Banks	8	34,275	10.97
6500	Telecommunications	3	36,689	6.08
1700	Basic Resources	1	13,928	4.27
8500	Insurance	3	28,593	3.43
3700	Personal & Household Goods	2	9,710	2.90
3500	Food & Beverage	1	5,934	1.64
0500	Oil & Gas	1	26,291	1.31
2300	Construction & Materials	2	6,744	1.03
5300	Retail	1	4,199	0.89
8700	Financial Services	1	3,283	0.83
	Totals	49	439,172	100.00

* free float adjusted market cap before application of the FTSE RAFI adjustment factor

SOURCE: FTSE Group, data as at 30 November 2010

TSEC RAFI TAIWAN 50 & RAFI TAIWAN 100 INDEX PORTFOLIO CHARACTERISTICS

	FTSE TWSE RAFI Taiwan 50 Index	FTSE TWSE RAFI Taiwan 100 Index	FTSE Taiwan Index
Number of Constituents	49	98	110
Net Market Cap (TWDm)	439,172*	123,869*	13,306,708
Constituent Sizes (Net Market Cap TWDm)			
Average	8,963*	1,264*	120,970
Largest	53,616*	4,962*	1,632,767
Smallest	1,327*	220*	6,053
Median	5,537*	918*	50,893
Weight of Largest Constituent (%)	11.67	3.02	12.27
Top 10 Holdings (% Index Market Cap)	52.69	24.44	47.19

* free float adjusted market cap before application of the FTSE RAFI adjustment factor

SOURCE: FTSE Group, data as at 30 November 2010

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