

TSEC RAFI TAIWAN INDEX SERIES

The TSEC 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 index 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.

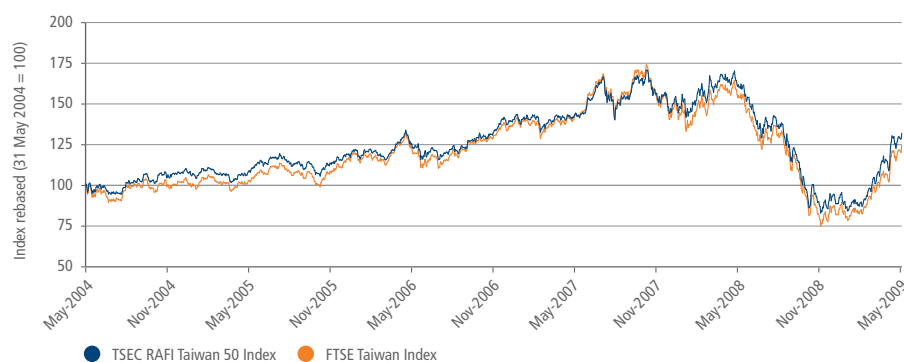
The TSEC RAFI Taiwan Index Series includes:

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

FEATURES

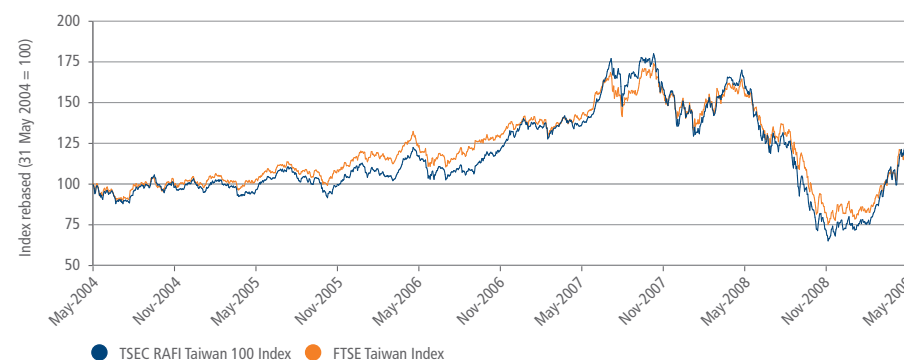
- Offers the advantages of an active management strategy with the highlights of passive investment: lower turnover costs and transparent rules-based selection, whilst retaining high investment capacity.
- By using fundamental factors rather than prices to weight stocks, reviews of the indices take advantage 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 index series is calculated in accordance with the Industry Classification Benchmark (ICB), a global standard developed in partnership between FTSE Group and Dow Jones Indexes
- 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.

TSEC RAFI TAIWAN 50 INDEX FIVE YEAR PERFORMANCE (TWD, TOTAL RETURN)



Source: FTSE Group, data as at 27 May 2009

TSEC RAFI TAIWAN 100 INDEX FIVE YEAR PERFORMANCE (TWD, TOTAL RETURN)



Source: FTSE Group, data as at 27 May 2009

TSEC RAFI TAIWAN 50 INDEX TOP 10 CONSTITUENTS

Rank	Constituent Name	ICB Supersector	Index Weight (%)
1	Hon Hai Precision Industry	Industrial Goods & Services	7.32
2	Taiwan Semiconductor Manufacturing	Technology	6.82
3	Formosa Petrochemical	Oil & Gas	6.11
4	China Steel	Basic Resources	4.85
5	Nan Ya Plastics	Chemicals	4.72
6	Cathay Financial Holding	Financial Services	4.71
7	Formosa Chemicals & Fibre	Chemicals	4.17
8	United Microelectronics	Technology	3.05
9	Chunghwa Telecom	Telecommunications	3.05
10	Formosa Plastics Corp	Chemicals	2.96
			47.76

Source: FTSE Group, data as at 27 May 2009

TSEC RAFI TAIWAN 50 INDEX ICB SUPERSECTOR BREAKDOWN

ICB Supersector	No. of Constituents	Index Weight (%)
Technology	19	36.46
Financial Services	10	16.64
Chemicals	3	11.85
Industrial Goods & Services	5	11.61
Oil & Gas	1	6.11
Telecommunications	3	5.04
Basic Resources	1	4.85
Personal & Household Goods	2	2.94
Banks	2	1.78
Food & Beverage	1	1.11
Construction & Materials	1	0.92
Travel & Leisure	1	0.70
Totals	49	100.00

Source: FTSE Group, data as at 27 May 2009

TSEC RAFI TAIWAN 50 & RAFI TAIWAN 100 INDEX PORTFOLIO CHARACTERISTICS

	TSEC RAFI Taiwan 50 Index	TSEC RAFI Taiwan 100 Index	FTSE Taiwan Index
Number of Constituents	49	100	111
Constituent Weights (%)			
Largest	7.32	2.61	14.86
Smallest	0.70	0.31	0.04
Median	1.31	0.82	0.35
Top 10 Constituents (%)	47.76	21.03	47.06

Source: FTSE Group, data as at 27 May 2009

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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