

FTSE/ASEAN Indices

New Tradable and Benchmark Indices for South East Asia

Report highlights

- New set of indices to allow investors to gain exposure to the fast growing ASEAN economy
- ETFs, Index Linked Funds and OTC Products will allow a wide range of funds to be developed
- Low volatility compared to other emerging market indices in the region and a very high degree of correlation between tradable and benchmark indices and broader FTSE All-World Asia Pacific ex Japan Index



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EXECUTIVE SUMMARY

Overview

Two new indices are launched by FTSE in conjunction with five of the exchanges in the ASEAN (Association of South East Asian Nations) Region. The five exchanges are from the ASEAN 5 countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand). Current exchanges are PT Bursa Efek Jakarta (Jakarta Stock Exchange), Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange and The Stock Exchange of Thailand.

The Indices

FTSE/ASEAN 40 Index is a tradable index consisting of 40 securities; FTSE/ASEAN Index is a benchmark index consisting currently of 180 securities, based on the FTSE All-World ASEAN Index. The indices have lower volatility compared to other indices in the region and high degree of correlation between the tradable and benchmark indices.

Using the Indices

The index provides tools that could be used to give investors exposure to the growing emerging market economies of the ASEAN region.

Exchange Traded Funds and other index-linked products on the FTSE/ASEAN 40 Index will provide investors with additional choice of investment options for the ASEAN region.

Why you should invest in ASEAN

The ASEAN region accounted for 1.89% of global GDP in 2003 with GDP growth of 5.01% for the ASEAN region and 4.80% for the ASEAN 5. In 2004, the ASEAN 5 had a GDP growth of 5.93%, far outstripping that of the USA and EU-25. ASEAN is the USA's third largest two-way overseas market and China's fifth largest trading partner with trade worth over USD100bn in 2004. ASEAN can be viewed as a region with strong economic growth fuelled by demand from China and western markets. Its aim is to be one of the foremost economic regions of the world and the FTSE/ASEAN 40 and FTSE/ASEAN Indices will allow investors to participate in this expected growth.

1. Overview

The Association of South East Asian Nations (ASEAN) was established on 8 Aug 1967 in Bangkok by five original member countries: Indonesia, Malaysia, Philippines, Singapore and Thailand. Brunei Darussalam joined on 8 January 1984, Vietnam on 28 July 1995, Laos and Myanmar (Burma) on 23 July 1997, and Cambodia on 30 April 1999.

The ASEAN region had a population, in 1999, of 500 million (8% of the World's population and larger than the European Union), a total area of 4.5m sq. km (3.3% of the total surface area of the world), a combined GDP in 2003 of USD700bn (growing 5% per annum) and a total trade of USD720bn. The economies of member countries of ASEAN are diverse, although its major products include Electronics, Oil, and Wood.

Figure 1: Map of ASEAN Region



Source: FTSE, ASEAN Secretariat

The aims of the Association are to accelerate the economic growth, social progress and cultural development of the region. This is achieved through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community on Southern Asian nations. ASEAN also look to promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries in the region and adherence to the principles of the UN Charter. The countries meet annually in November for summits.

ASEAN regularly conducts dialogue meetings with other countries and an organization, collectively known as the ASEAN dialogue partners. The members of this are Australia, Canada, the People's Republic of China, North Korea, South Korea, the United States, India, Japan, Mongolia, New Zealand, Russia, and the European Union. ASEAN Headquarters are located in Jakarta, Indonesia.

Currencies: Philippine peso (PHP), Malaysian ringgit (MYR), Myanmar kyat (MMK), Laos kip (LAK), Thai baht (BHT), Cambodian riel (KHR), Singapore dollar (SGD), Brunei dollar (BND), Indonesian rupiah (IDR) and Vietnamese dong (VND).

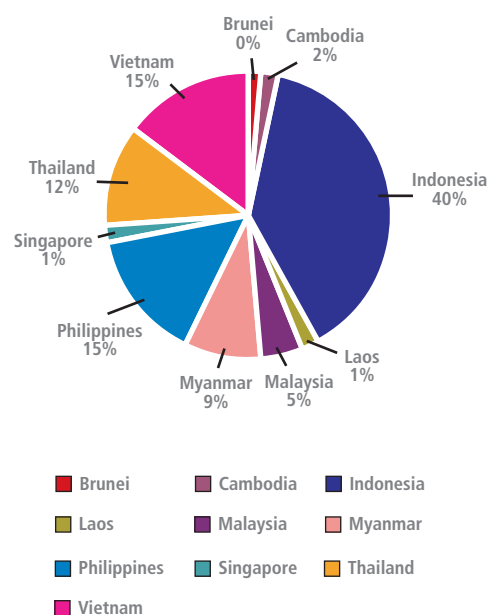
1.1 Population breakdown within ASEAN

The ASEAN population is 4.2 times the size of Japan, 1.2 times that of the EU-25 and 1.8 times that of the USA.

ASEAN population by country (2003)

Country	Population (m)	Pct ASEAN	Pct World
Brunei	0.36	0.07	0.01
Cambodia	13.4	2.49	0.21
Indonesia	214.47	39.93	3.42
Laos	5.66	1.05	0.09
Malaysia	24.77	4.61	0.39
Myanmar	49.36	9.19	0.79
Philippines	81.50	15.17	1.30
Singapore	4.25	0.79	0.07
Thailand	62.01	11.55	0.99
Vietnam	81.31	15.14	1.30
ASEAN	537.11	100.00	8.56
ASEAN 5	387.00	72.05	6.17
Japan	127.21		2.03
China	1288.40		20.54
S Korea	47.91		0.76
Hong Kong SAR	6.82		0.11
Taiwan	22.52		0.36
USA	291.04		4.64
EU 25	453.9		7.24
Rest of World	3950.71		55.76
World Total	6271.7		100.00

Population breakdown



Source: ASEAN Secretariat

1.2 ASEAN Free Trade Area (AFTA)

The AFTA is an agreement by ASEAN of local manufacturing in all ASEAN countries. Its aim is to increase ASEAN's competitive edge as a production base in the world markets, through the elimination of tariff and non-tariff barriers within ASEAN and to attract more inward foreign direct investment to the region.

China and ASEAN are already committed to creating a free trade area by 2010, which would make the region the world's most populous market, with 1.7 billion consumers.

1.3 ASEAN 5

The ASEAN 5 is a subset of countries within the ASEAN region. It is made up of Indonesia, Malaysia, the Philippines, Singapore and Thailand, the five founder members of ASEAN. It accounts for 72% of the ASEAN population and 6.17% of the world population. The ASEAN 5 accounts for 91% of ASEAN GDP, equivalent to 1.72% of global GDP and had GDP growth of 5.93% in fiscal year 2004.

The FTSE/ASEAN indices are produced in conjunction with the exchanges of the ASEAN 5 countries.

1.4 Economic Statistics

1.4.1 Gross Domestic Product (GDP) Nominal and Per Capita

GDP Nominal & Per Capita (2003)

Country	Actual figure (GDPbn)	ASEAN Ratio (%)	World Ratio (%)	GDP per Capita (USD)	World Ave Ratio (%)
Brunei	4.7	0.68	0.01	13,056	225.22
Cambodia	4.2	0.61	0.01	313	5.41
Indonesia	208.5	30.38	0.57	972	16.77
Laos	2.0	0.29	0.01	353	6.10
Malaysia	103.2	15.04	0.28	4,166	71.87
Myanmar	9.6	1.40	0.03	194	3.36
Philippines	80.4	11.71	0.22	987	17.02
Singapore	91.4	13.32	0.25	21,506	370.99
Thailand	143.3	20.88	0.39	2,311	39.86
Vietnam	39.0	5.68	0.11	480	8.27
ASEAN	686.3	100.00	1.89	1,278	22.04
ASEAN 5	626.8	91.33	1.72	1,620	27.94
Japan	4,326.4		11.90	34,010	586.69
China	1,409.9		3.88	1,094	18.88
S Korea	605.3		1.66	12,634	217.95
Hong Kong SAR	158.6		0.44	23,255	401.17
Taiwan	281.5		0.77	12,500	215.63
USA	10,881.6		29.93	37,389	644.98
EU 25	10,970.2		30.17	24,169	416.93
Rest of World	7,036.4		19.35	2,012	34.71
World Total	36,356.2		100.00	5,797	100.00

Source: Facts about ASEAN

1.4.2 Real GDP Growth (% , y-o-y)

Real GDP Growth (% , y-o-y) 1996 – 2004

Country	1996	1997	1998	1999	2000	2001	2002	2003	2004
Brunei	1.01	3.60	-3.99	2.56	2.82	3.05	2.83	3.20	
Cambodia	4.60	6.82	3.70	10.78	7.03	5.67	5.48	5.00	
Indonesia	7.82	4.70	-13.13	0.79	4.92	3.45	3.69	4.10	4.32
Laos	6.89	6.91	3.99	7.28	5.81	5.76	5.70	5.90	
Malaysia	10.00	7.32	-7.36	6.14	8.86	0.32	4.15	5.31	8.01
Myanmar	6.44	5.74	5.77	10.92	13.70	10.50	5.00	5.10	
Philippines	5.85	5.19	-0.59	3.41	4.38	4.52	3.12	4.70	6.15
Singapore	7.71	8.51	-0.86	6.42	9.41	-2.37	3.29	1.09	12.55
Thailand	5.90	-1.37	-10.51	4.45	4.76	2.14	5.41	6.75	
Vietnam	9.33	8.15	5.83	4.71	6.76	6.93	7.04	7.24	6.29
ASEAN	7.30	4.16	-7.14	3.58	5.91	3.26	4.33	5.01	
ASEAN 5	7.23	3.76	-8.93	3.11	5.54	2.59	4.04	4.80	5.93
BCLMV	7.85	7.23	5.21	6.71	8.36	7.57	6.20	6.34	
Japan	3.62	1.72	-1.11	-0.03	2.39	0.16	-0.29	1.41	2.64
China	9.60	8.80	7.80	7.10	8.00	7.50	8.00	9.30	9.50
S Korea	6.92	4.63	-6.73	9.45	8.48	3.8	6.97	3.11	4.66
Hong Kong SAR									
Taiwan									
USA	3.7	4.5	4.2	4.5	3.7	0.8	1.6	2.7	4.2
EU 15	2.00	3.00	3.00	3.00	4.00	2.00	1.00	1.00	2.00

Source: ASEAN Statistics Unit, Thomson Financial Datastream

ASEAN 5: Indonesia, Malaysia, Philippines, Singapore and Thailand

BCLMV: Brunei Darussalam, Cambodia, Laos, Myanmar and Vietnam

1.4.3 ASEAN's trade with the world

- Approximately 24% of total trade value (both import and export) is intra-regional
- Exports have risen by 25% over the last nine years.
- The value of the ASEAN trade is larger than that of the MERCOSUR region.

ASEAN Trade Value (2003)

Country/Region	Exports		Imports	
	Trade Value (GDPmn)	(%Total)	Trade Value (GDPmn)	(%Total)
Intra-Regional	95,641	23.7	97,658	24.2
USA	71,831	17.8	52,865	13.1
EU	56,497	14.0	43,987	10.9
Japan	50,847	12.6	66,182	16.4
China	21,388	5.3	30,670	7.6
Others	107,344	26.6	112,186	27.8
Total	403,547	100.0	355,164	100.0

Source Facts about ASEAN

Comparison with other trading regions (Imports and Exports 2003)

Country/Region	Members	Nominal GDP (USDbn)	Trade Value (GDPbn)
ASEAN	10 countries	686.3	758.7
European Union 15	15 countries	10,482.7	4,752.1
European Union 25	25 countries (2004/05)	10,970.2	5,090.3
North American Free Trade Agreement (NAFTA)	3 countries (USA, Canada, Mexico)	12,342.1	2,698.9
Mercado Comun del Sur (MERCOSUR)	4 countries (Argentina, Brazil, Paraguay, Uruguay)	639.1	150.0

Source Facts about ASEAN

European Union 15 – Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, UK.

European Union 25 – EU-15 plus Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic and Slovenia.

1.5 About ASEAN Exchanges

The FTSE/ASEAN indices are a joint collaboration between FTSE and the exchanges of the ASEAN 5 countries. This initiative is the first collaborative effort amongst the Exchanges under the ASEAN umbrella using FTSEs internationally recognised index design methodology. The exchanges involved are Bursa Malaysia Berhad, PT Bursa Efek Jakarta (Jakarta Stock Exchange), the Philippine Stock Exchange, Inc., Singapore Exchange (SGX) and the Stock Exchange of Thailand (SET).

1.5.1 Bursa Malaysia Berhad

Bursa Malaysia Berhad is a public company limited by shares under the Companies Act 1965. Bursa Malaysia is an approved exchange holding company under Section 11D of the Securities Industry Act 1983. Other companies in the Bursa Malaysia Bhd Group of companies include a stock exchange, a derivatives exchange, an off-shore international financial exchange, equity and derivatives clearing houses, a central depository, an information services provider and an Information Technology services provider.

Bursa Malaysia Securities Berhad, a wholly-owned subsidiary of Bursa Malaysia Berhad, is an approved stock exchange under Section 8 of the Securities Industry Act 1983.

1.5.2 PT Bursa Efek Jakarta (Jakarta Stock Exchange)

PT Bursa Efek Jakarta (Jakarta Stock Exchange), the Company, was established in 1992. In accordance to the Indonesian Capital Market Law, Law Number 8/ 1995, the main purpose of the PT Bursa Efek Jakarta (Jakarta Stock Exchange) is to establish a regular, fair and efficient securities trading activities.

1.5.3 The Philippine Stock Exchange

The Philippine Stock Exchange, Incorporated (PSE) owns and operates the only stock exchange in the Philippines. The Securities and Exchange Commission granted the company the status of self-regulatory organisation in 1998.

It was incorporated in 1992 as a non-stock corporation and underwent a listing by way of introduction in 2003, pursuant to the demutualization mandate of the Securities Regulation Code of 2000. In addition, the PSE sold equity to strategic investors by way of private placement in 2004.

1.5.4 Singapore Exchange (SGX)

Singapore Exchange (SGX) is Asia-Pacific's first demutualised and integrated securities and derivatives exchange.

SGX was inaugurated on 1 December 1999, following the merger of two established and well-respected financial institutions - the Stock Exchange of Singapore (SES) and the Singapore International Monetary Exchange (SIMEX).

On 23 November 2000, SGX became the first exchange in Asia-Pacific to be listed via a public offer and a private placement. Listed on its own bourse, the SGX stock is a component of benchmark indices such as the FTSE All-World Index and the Straits Times Index.

1.5.5 The Stock Exchange of Thailand

The Stock Exchange of Thailand (SET) was established in 1975 under the 1974 Securities Exchange Act of Thailand and officially began securities trading on April 30, 1975. The Stock Exchange of Thailand stands at the centre of Thailand's capital market, and is a thriving and dynamic exchange offering a full range of products, services and trading infrastructure for investors, listed companies and other participants.

1.6 Exchange Statistics

Exchange	Listed Cos	Mkt Cap* of Listed Cos (USDm)	Value Traded (USDm)	No Trades (m)	No Shares Traded (m)	Ave Daily Turnover (USDm)	Ave Value of Trades (USD000s)
Indonesia	331	73,250.6	27,517.7	3,724.0	411,768.3	114.2	7.4
Malaysia	959	181,623.8	61,636.4	20,035.3	122,680.4	248.5	3.1
Philippines	235	28,602.0	3,681.2	633.6	284,341.7	14.9	5.8
Singapore	633	217,617.8	107,247.4	n/a	171,149.7	423.9	n/a
Thailand	463	115,390.4	116,381.2	28,551.7	555,298.7	475.0	4.1

*Domestic market capitalisation

Source: World Federation of Exchanges 2004

2. Introducing the FTSE/ASEAN Indices

- The FTSE/ASEAN Indices are designed to represent the performance of ASEAN region's markets.
- Initially the series will comprise of five markets: Indonesia, Malaysia, the Philippines, Singapore and Thailand. Other markets may be added over time.
- The series contains a benchmark and a tradable index that are suitable for Exchange Traded Funds (ETFs), derivatives and other tradable products.

These indices have been produced in collaboration with exchanges of the initial five countries listed above and are derived from the FTSE All-World ASEAN Index, part of the FTSE Global Equity Index Series.

These indices are designed to give investors access to the ASEAN markets a major emerging player in the global market place, and present new and exciting opportunities.

2.1 The Indices

2.1.1 The FTSE/ASEAN Index

This index represents those companies from the ASEAN region that are current constituents of the FTSE All-World Index. The Index is calculated on an end-of-day basis. Capital and Total Return Indices are available and the base currency for the FTSE/ASEAN Index is US dollars.

Constituents of the FTSE All-World Country Index for each participating exchange are eligible for inclusion in the index. The shares, free float weightings and treatment of secondary lines of stock of constituents are the same as those used in the FTSE Global Equity Index Series.

The constituents of the FTSE/ASEAN Index are determined by the ground rules of the FTSE Global Equity Index Series.

Companies must trade at least 0.5% of their available shares in issue, in ten out of twelve months prior to an index review to be eligible for inclusion in the index. This ensures that every stock is liquid, keeps trading impact lower and reduces turnover. They must also have a market capitalisation greater than USD100m.

Free float adjusted to take into account that available shares to be traded are applied using a banding structure. The bands are narrower at the lower end of the scale for greater sensitivity, and broader at the top. The weighting of companies therefore remains stable unless a significant corporate event occurs. The system is proven to accurately reflect the investability of a company, without subjecting investors to unnecessary rebalancing and transaction costs.

2.1.2 The FTSE/ASEAN 40 Index

This index is designed to represent the performance of the largest companies in the ASEAN region's markets. It is suitable for Exchange Traded Funds (ETFs), derivatives and other tradable products. The index is calculated in real-time and published every 15 seconds during the hours of calculation. The base currency for the index is US dollars. Total return and price indices are available on an end of day basis.

The index consists of the largest 40 companies by full market capitalisation from the eligible markets. Securities that are members of the FTSE All-World Country Index of Singapore, Malaysia, Thailand, Indonesia or the Philippines are potentially eligible for inclusion in the FTSE/ASEAN 40 Index, subject to them passing a liquidity screen. Each security must turn over at least 20% of its shares in issue, after adjusting for free float, in the twelve months prior to the review.

The FTSE/ASEAN 40 Index is reviewed annually in March, based on data from the close of the last business day in February. Changes arising from the annual review are implemented after the close of business on the third Friday in March.

If a constituent of the FTSE/ASEAN 40 Index ceases to be a constituent of the FTSE Global Equity Index Series it will be removed from the index. The removal will be concurrent with its removal from the FTSE Global Equity Index Series. The highest-ranking non-constituent from the FTSE/ASEAN Index will become eligible for inclusion into the index and will be added at the same time.

If a constituent is added to the relevant FTSE Global Equity Index Series Country Index it will be considered for eligibility to the FTSE/ASEAN 40 Index at the next annual review.

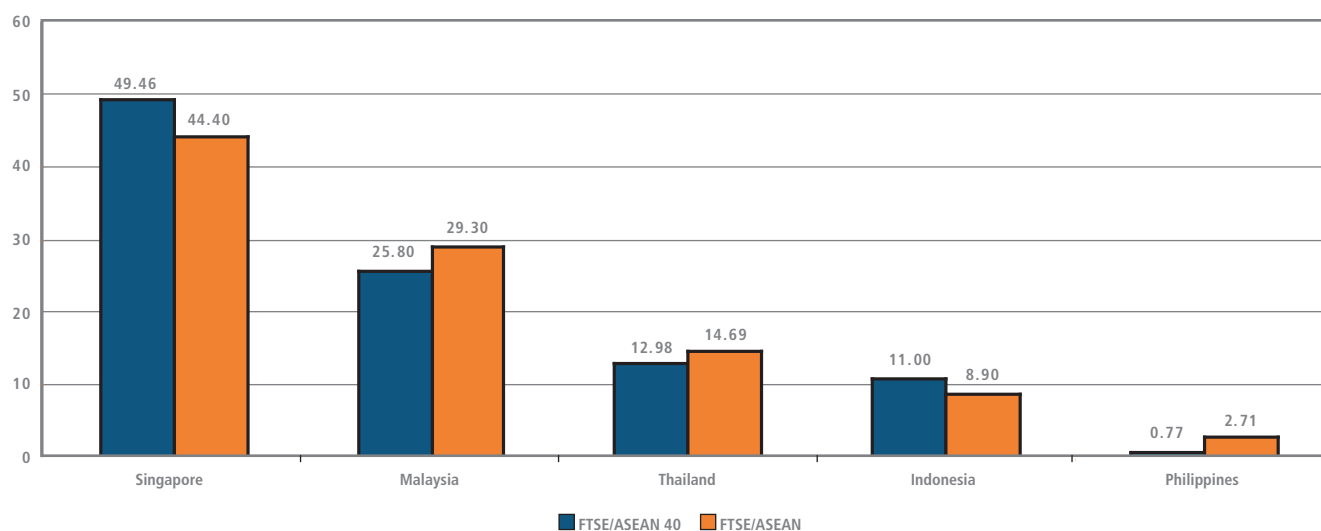
If two constituents of the FTSE/ASEAN 40 Index merge the resulting company will remain a constituent of the index and a vacancy will be created. This vacancy will be filled by selecting the largest eligible non-constituent security, by full market capitalisation, from the FTSE/ASEAN Index at the time of the event. The removal and replacement of these stocks will be simultaneous.

If a constituent is taken over by an eligible non-constituent, the original constituent will be removed and replaced by the merged entity. In the event that the merged entity is non-eligible for the index, it will be replaced by the largest eligible non-constituent security, by full market capitalisation, from the FTSE/ASEAN Index at the time the time of the event. The removal and replacement of these stocks will be simultaneous.

2.1.3 Country representation in the indices

The chart below shows the breakdown of the FTSE/ASEAN 40 and FTSE/ASEAN Indices by market capitalisations. In the FTSE/ASEAN 40 Index Singapore and Thailand have a larger representation than in the benchmark FTSE/ASEAN Index.

Comparison of the FTSE/ASEAN 40 Index with ASEAN Country Weights (%)



Source: FTSE Group

The Philippines weighting in the FTSE ASEAN/40 Index is about a third of that in the FTSE/ASEAN Index and is represented by one security, compared to 12 out of 180 in the FTSE/ASEAN Index.

Comparison of number of securities in FTSE/ASEAN 40 Index and FTSE/ASEAN Index

Country	FTSE/ASEAN 40	FTSE/ASEAN
Singapore	12	51
Malaysia	14	58
Thailand	6	44
Indonesia	7	15
Philippines	1	12
Total	40	180

Source: FTSE Group

2.2 Index and Market Opening and Closing Times, Pricing and Exchange Rates

2.2.1 Hours of calculation

The FTSE/ASEAN 40 Index is calculated on Mondays to Fridays from 09:00 hrs local Singaporean time until each of the constituent markets has closed. The closing index value is calculated at 18:00 hrs local Singaporean time, 10:00 hrs GMT, based on ASEAN 5 market closing values.

During the period in the day when the markets are closed the index values continue being calculated and disseminated due to currency fluctuations.

The FTSE/ASEAN Index is calculated at the end of the day on Monday to Fridays at 18:00 hrs local Singaporean time, 10:00 hrs GMT.

Stock Market Trading Times (Singapore time)

Market	Open	Close	Notes
Indonesia	10:30	17:00	(Closed between 13:00 and 14:30)
Malaysia	09:00	17:00	(Closed between 12:30 and 14:30)
Philippines	09:30	12:10	
Singapore	09:00	17:00	(Closed between 12:30 and 14:00)
Thailand	11:00	18:00	(Closed between 13:30 and 15:30)

Source: FTSE Group

The FTSE/ASEAN indices are calculated on local public holidays whenever at least one exchange is trading. The indices will not be calculated on 1st January.

2.2.2 Constituent Pricing

All exchange closing prices are sourced from Reuters.

Times for Pricing

Market	Closing times
Indonesia	Jakarta Stock Exchange Closing price at 16:00 hrs
Malaysia	Last trade at 17:00 hrs
Philippines	Last trade price at 12:10 hrs
Singapore	Auction Price at 17:06 (Official Close)
Thailand	Last trade at 17:30 hrs

Source: FTSE Group

All times detailed are local.

2.2.3 Foreign Exchange Rates

The foreign exchange rates used in the calculation of the FTSE/ASEAN Indices are Reuters' real time spot rates.

The US dollar is the base currency for all index calculations. Constituent prices are converted into dollars throughout the period of calculation (see Hours of Calculation). Therefore foreign exchange movements are taken into account in the Index calculation for each market even though the underlying market may be closed.

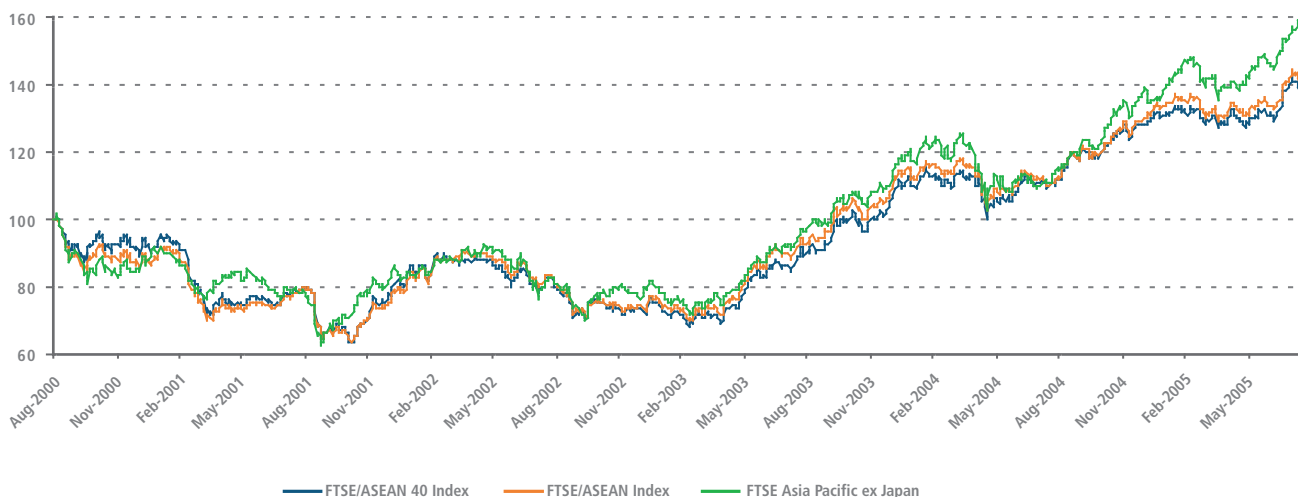
3. Performance, Volatility, Correlations and Tracking Error

3.1 Performance

3.1.1 Performance of FTSE/ASEAN 40 Index and FTSE/ASEAN Index relative to the FTSE All-World Asia Pacific ex Japan Index

Performance comparisons have been carried out between the tradable FTSE/ASEAN 40, the benchmark FTSE/ASEAN and the broad FTSE Asia Pacific ex Japan Indices to show how performance has compared over the last five years. As can be seen from the chart below there has been similar performance between the two FTSE/ASEAN Indices and the FTSE All-World Asia Pacific ex Japan Index over the last five years, although recently the performance has started to diverge.

Five year total return performance to 31 August 2005 (USD terms)

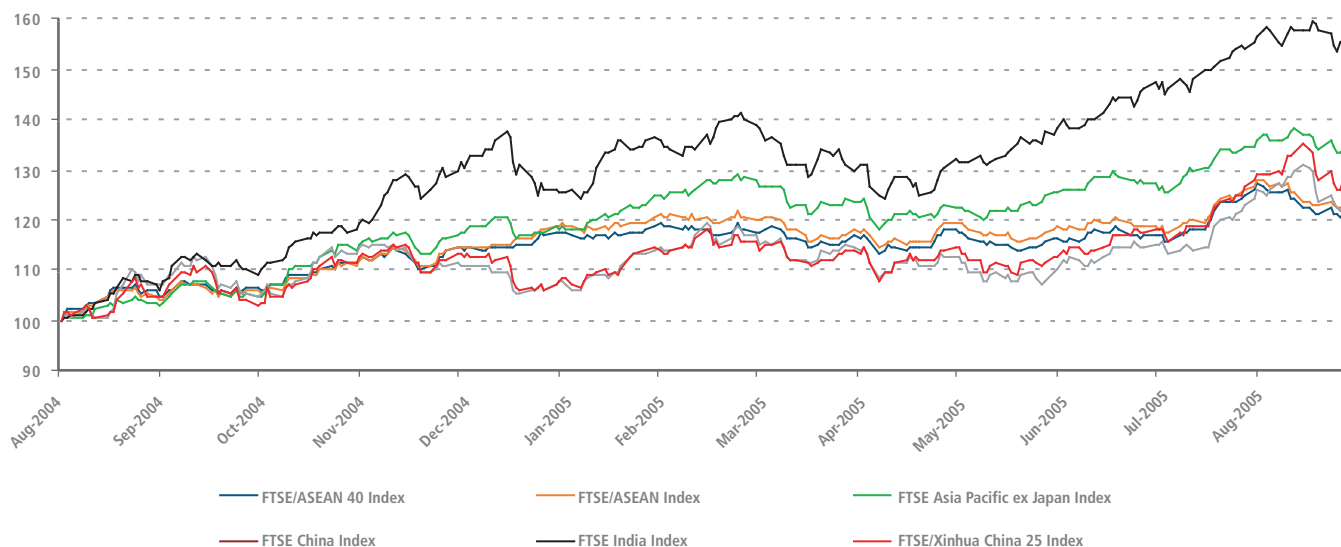


Source: FTSE Group

3.1.2. Performance of FTSE/ASEAN 40 Index and FTSE/ASEAN Index relative to the FTSE All-World Asia Pacific ex Japan Index, FTSE All-World India Index and FTSE All-World China Index Performance – Year-on-Year (Price Index and Total Returns)

The following chart shows the performance over one year in comparison to the FTSE All-World Asia Pacific ex Japan, FTSE All-World China, FTSE All-World India and FTSE/Xinhua 25 Indices. These indices have been chosen because they also represent large emerging market economies that would be expected to perform in a similar manner. As can be seen in the chart the FTSE/ASEAN Indices performed well in the earlier part of the year, outperforming the FTSE/Xinhua 25 and FTSE All-World China Indices, but suffering more recently. This can be partly explained by the weakening of the Indonesian rupiah against the dollar and the reliance of ASEAN on oil imports, causing a temporary correction. India, the top performer in the chart, is a more developed emerging market and not subject to the same economic pressures as ASEAN.

One year total return performance to 31 August 2005 (USD terms)



Source: FTSE Group

3.1.3. Performance over last 5 years (Price Index and Total Returns)

Capital returns over the last 5 years (USD)

Index	3M (%)	6M (%)	YTD (%)	12M (%)	3Y (%)	5Y (%)	5Y Ann (%)
FTSE/ASEAN 40 Index	2.8	-2.2	0.8	14.4	48.7	12.2	2.3
FTSE/ASEAN Index	3.5	-1.4	2.9	17.7	55.2	20.5	3.8
FTSE Asia Pacific ex Japan Index	6.2	1.4	6.8	28.0	71.1	31.3	5.6
FTSE China Index	10.5	-0.7	7.9	17.5	106.3	184.9	23.3
FTSE India Index	14.1	13.2	14.1	53.8	167.0	76.6	12.0
FTSE/Xinhua China 25 Index	12.0	3.8	9.4	21.7	97.8	48.7	8.3

Source: FTSE Group

Total returns over the last 5 years (USD)

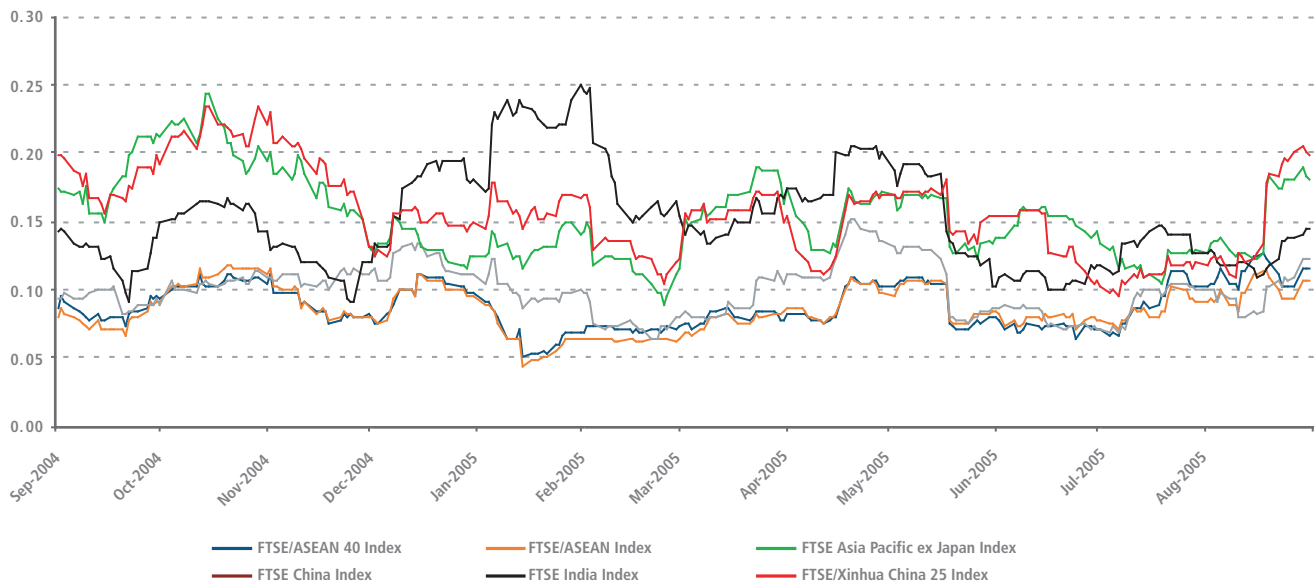
Index	3M (%)	6M (%)	YTD (%)	12M (%)	3Y (%)	5Y (%)	5Y Ann (%)
FTSE/ASEAN 40 Index	5.0	1.8	4.9	20.2	68.9	35.0	6.2
FTSE/ASEAN Index	4.6	1.0	5.5	21.6	69.9	37.3	6.5
FTSE Asia Pacific ex Japan Index	7.5	3.5	9.6	32.3	88.2	52.4	8.8
FTSE China Index	10.8	1.8	10.7	21.2	127.2	245.2	28.1
FTSE India Index	15.3	14.6	15.6	56.7	185.4	96.4	14.5
FTSE/Xinhua China 25 Index	12.2	6.4	12.1	26.0	118.1	74.0	11.7

Source: FTSE Group

3.2 Volatility

- Short term volatility of both ASEAN indices is lower than that of other indices in the region
- One year volatility currently is lower than that of the FTSE Asia Pacific ex Japan for both ASEAN indices

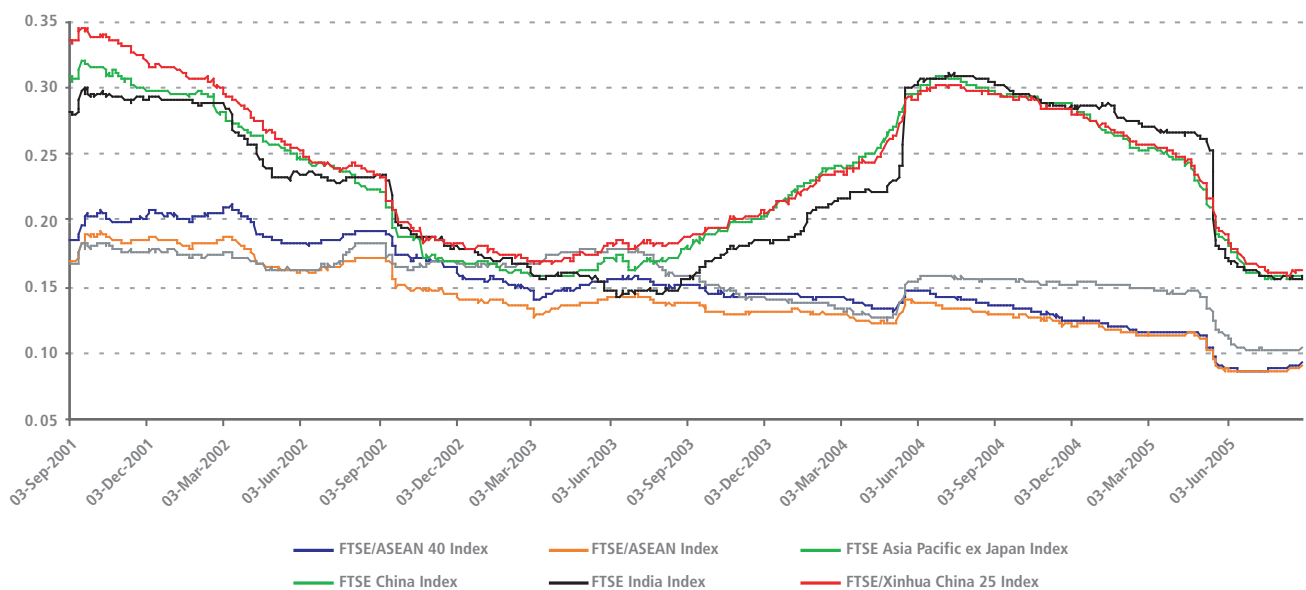
22 day rolling volatility (annualised)



Source: FTSE Group

Volatility annualised using basis of 260 trading days in a year

One year rolling volatility (annualised)



Source: FTSE Group

3.3 Correlations

- There is a very high degree of correlation between tradable FTSE/ASEAN 40 Index and benchmark FTSE/ASEAN Index, making the FTSE/ASEAN 40 Index a good proxy for the FTSE/ASEAN Index benchmark.
- The correlation between the FTSE Asia Pacific ex Japan Index and the FTSE/ASEAN Index benchmark is also high.
- Low correlations between the FTSE China and FTSE India indices and both the FTSE/ASEAN 40 Index and the FTSE/ASEAN Index imply that neither index is a good proxy for either country. Investors will have to treat these as a separate asset class for exposure to emerging economies.

Five year correlation

Index	FTSE/ASEAN 40 Index	FTSE/ASEAN Index	FTSE Asia Pacific ex Japan Index	FTSE China Index	FTSE India Index	FTSE/Xinhua China 25 Index
FTSE/ASEAN 40 Index	1.000	0.976	0.696	0.361	0.354	0.477
FTSE/ASEAN Index		1.000	0.730	0.381	0.373	0.501
FTSE Asia Pacific ex Japan Index			1.000	0.498	0.430	0.656
FTSE China Index				1.000	0.274	0.862
FTSE India Index					1.000	0.312
FTSE/Xinhua China 25 Index						1.000

Source: FTSE Group

3.4 Tracking Error

- Tracking error between the FTSE/ASEAN 40 Index and FTSE/ASEAN Index is below the 5% level generally considered acceptable, so the tradable index is a good proxy for the benchmark index
- There are large tracking errors for both the tradable and benchmark indices against the broader FTSE Asia Pacific ex Japan Index. This is mainly due to the different industry group exposures in these indices.

Tracking error

Index	FTSE/ASEAN 40 Index	FTSE/ASEAN Index	FTSE Asia Pacific ex Japan Index
FTSE/ASEAN 40 Index		3.5	12.2
FTSE/ASEAN Index	3.5		11.1
FTSE Asia Pacific ex Japan Index	12.2	11.1	

Source: FTSE Group

3.5 Risk Ratios

Risk Adjusted Return (Sharpe Ratio) and Information Ratio

Index	Sharpe Ratio		Information Ratio	
	5yrs	3 yrs	5 yrs	3 yrs
FTSE/ASEAN 40 Index	0.122	0.999	0.149	1.093
FTSE/ASEAN Index	0.219	1.179	0.264	1.305
FTSE Asia Pacific ex Japan Index	0.324	1.251	0.358	1.380
FTSE All-World China Index	0.923	1.155	0.966	1.239
FTSE All-World India Index	0.535	1.579	0.512	1.788
FTSE/Xinhua China 25 Index	0.378	1.084	0.328	1.149

Source: FTSE Group

4. Industry Classification Benchmark (ICB)

4.1 Introduction to the Industry Classification Benchmark (ICB)

Securities within both the FTSE/ASEAN 40 and FTSE/ASEAN indices have been classified using the Industry Classification Benchmark (ICB).

The ICB brings together two premier global providers of indices – Dow Jones Indexes and FTSE Group. It is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The system allocates companies to the Subsector whose definition most closely describes the nature of its business. The nature of a company's business is determined by its source of revenue or where it constitutes the majority of its revenue.

The ICB Universe Database contains over 45,000 securities from over 40,000 companies, from the Dow Jones Indexes and FTSE universes. The database covers 67 countries and it is intended that the coverage be increased to 50,000 securities in 2005.

The classification structure consists of four layers:

- 10 Industries help investors monitor broad industry trends
- 18 Supersectors can be used for identifying macroeconomic opportunities for investment and trading decisions
- 39 Sectors provide a broad benchmark for investment managers
- 104 Subsectors allow for more detailed quantitative analysis

ICB has been adopted by stock exchanges representing over 65% of the world's market capitalisation.

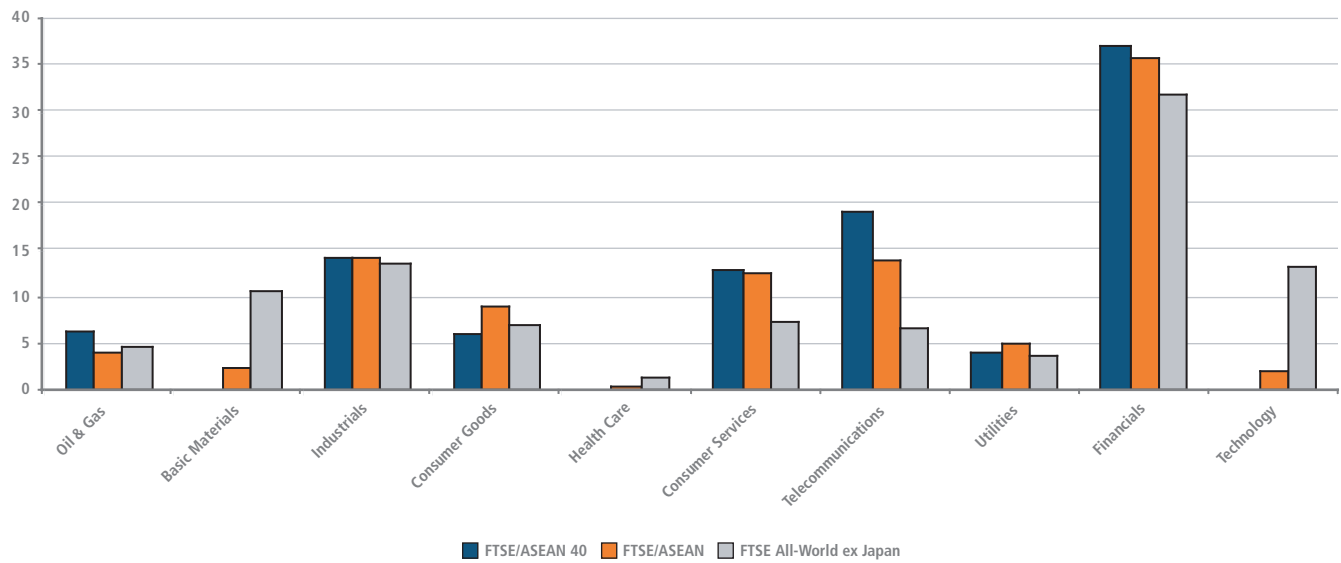
A comparison of weightings within the ICB Industry Groups is shown below for both the FTSE/ASEAN 40 and FTSE/ASEAN Indices. The Industry Group Codes have been included for reference.

4.2 Industry Group Analysis

- In both the FTSE/ASEAN 40 Index and FTSE/ASEAN Index the Financials (8000) is the largest Industry Group accounting for 36.8% in the tradable index and 35.8% in the benchmark index market capitalisation.
- Industry Group breakdown shows the region's dominance by Financials (8000), Industrials (2000), Telecommunications (6000) and Consumer Services (5000) companies with a low representation in Technology (9000).
- Telecommunications (6000) is the second largest Industry group in the tradable index and Industrials (2000) has the second largest representation in the benchmark index.
- The tradable index has no representation from the Basic Materials (1000), Health Care (4000) and Technology (9000) Industry Groups.
- Compared to the FTSE All-World Asia Pacific ex Japan Index, the ASEAN indices have a large underweight in Technology (9000) and Basic Materials (1000) and a large overweight in Telecommunications (6000), Consumer Services (5000) and Financials (8000).

4.2.2 Comparison of Industry Group weightings between the FTSE/ASEAN 40 and FTSE/ASEAN Indices and AW Asia Pacific ex Japan Index

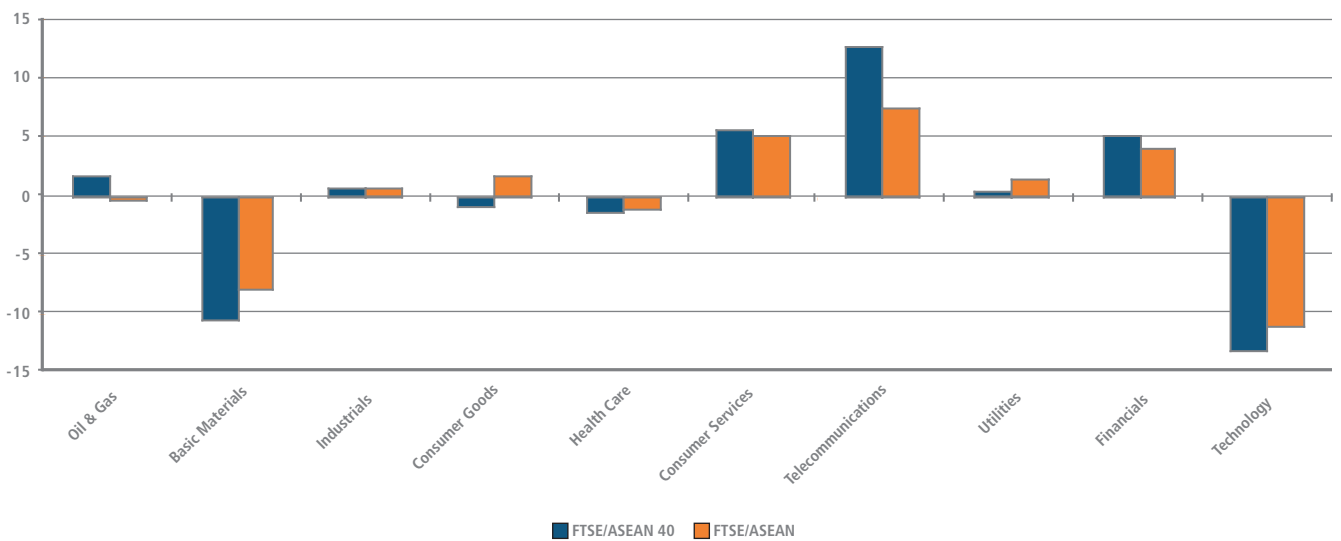
Industry Group Weightings (%)



Source: FTSE Group

4.2.2 Comparison of the Over/Underweight Industry Groups compared to the FTSE All-World Asia Pacific ex Japan Index

Over/Underweights vs AW Asia Pacific ex Japan Index



Source: FTSE Group

4.2.3 ICB Industry Group Breakdown of the FTSE/ASEAN 40, FTSE/ASEAN and FTSE All-World Asia Ex Japan Indices

ICB Industry Group Breakdown

FTSE	ICB Industry Group	FTSE/ASEAN 40 INDEX				ASEAN INDEX				FTSE ALL-WORLD ASIA EX JAPAN INDEX			
		No	Full Mkt Cap (USDbn)	Investable Mkt Cap (USDbn)	Wt (%)	No	Full Mkt Cap (USDbn)	Investable Mkt Cap (USDbn)	Wt (%)	No	Full Mkt Cap (USDbn)	Investable Mkt Cap (USDbn)	Wt (%)
1	Oil & Gas	2	24,299	8,054	6.4	4	25,826	8,458	4.2	24	304,891	85,827	4.7
1000	Basic Materials	-	-	-	-	11	11,432	5,007	2.5	82	284,520	193,964	10.6
2000	Industrials	8	39,282	17,774	14.2	33	61,087	28,890	14.4	175	395,110	248,546	13.6
3000	Consumer Goods	4	13,332	7,554	6.0	25	36,304	17,946	8.9	109	196,812	129,693	7.1
4000	Health Care	-	-	-	-	1	855	641	0.3	22	35,400	25,902	1.4
5000	Consumer Services	6	26,525	16,198	13.0	25	44,672	25,501	12.7	91	214,510	136,185	7.4
6000	Telecommunications	7	65,657	24,036	19.2	13	72,168	28,278	14.0	35	355,165	119,967	6.6
7000	Utilities	2	12,082	5,216	4.2	10	24,962	10,147	5.0	38	139,698	67,447	3.7
8000	Financials	11	76,520	46,185	36.9	50	123,111	72,260	35.9	191	815,909	581,695	31.8
9000	Technology	-	-	-	-	8	7,907	4,182	2.1	87	321,971	240,877	13.2
Grand Total		40	257,698	125,018	100.0	180	408,323	201,309	100.0	854	3,063,986	1,830,102	100.0

Source: FTSE Group

5 Constituent Data

5.1 Top 10 Securities

- The top 10 securities in the FTSE/ASEAN 40 Index account for approximately 54.16% of the tradable index. This compares with 34.67% for the top 10 securities in the benchmark FTSE/ASEAN Index.
- Index weightings in both the indices are skewed towards the top four securities in each index showing the level of concentration in the large stocks.

5.1.1 FTSE/ASEAN 40 Index

FTSE/ASEAN 40 Index Top 10 constituents (31 August 2005)

Rank	Security	Gross Market Cap (USDm)	Net Market Cap (USDm)	Weight in FTSE/ASEAN 40 Index (%)
1	DBS Group Holdings	13,972	10,344	8.27
2	Singapore Telecom	25,346	10,138	8.11
3	United Overseas Bank	12,948	9,711	7.77
4	Overseas Chinese Banking	11,684	8,763	7.01
5	Malayan Banking	11,155	5,577	4.46
6	Telekomunikasi Indonesia	10,080	5,040	4.03
7	PTT	16,660	4,998	4.00
8	Tenaga Nasional	9,334	4,667	3.73
9	Singapore Airlines	8,578	4,289	3.43
10	Singapore Press Holdings	4,183	4,183	3.35
Total		123,760	67,711	54.16

Source: FTSE Group

5.1.2 FTSE/ASEAN Index

FTSE/ASEAN Index Top 10 constituents (31 August 2005)

Rank	Security	Gross Market Cap (USDm)	Net Market Cap (USDm)	Weight in FTSE/ASEAN Index (%)
1	DBS Group Holdings	13,972	10,344	5.14
2	Singapore Telecom	25,346	10,138	5.04
3	United Overseas Bank	12,948	9,711	4.82
4	Overseas Chinese Banking	11,684	8,763	4.35
5	Public Bank	6,259	6,259	3.11
6	Malayan Banking	11,155	5,577	2.77
7	Telekomunikasi Indonesia	10,080	5,040	2.50
8	PTT	16,660	4,998	2.48
9	Tenaga Nasional	9,334	4,667	2.32
10	Singapore Airlines	8,578	4,289	2.13
Total		125,835	69,787	34.67

Source: FTSE Group

5.2 FTSE/ASEAN Index 40 Constituents

FTSE/ASEAN 40 Index Constituents and Weightings (31 August 2005)

Rank	Sedol	Local Code	Security	Country	ICB Industry Group	Gross Mkt Cap (USDm)	Net Mkt Cap (USDm)	Weight in FTSE/ASEAN 40 Index (%)
1	6175203	D05	DBS Group Holdings	Singapore	8000	13,792	10,344	8.3%
2	B02PY22	T48	Singapore Telecom	Singapore	6000	25,346	10,138	8.1%
3	6916781	U11	United Overseas Bank	Singapore	8000	12,948	9,711	7.8%
4	B0F9V20	O39	Overseas Chinese Banking	Singapore	8000	11,684	8,763	7.0%
5	6556325	1155	Malayan Banking	Malaysia	8000	11,155	5,577	4.5%
6	B02ZK79	TLKM	Telekomunikasi Indonesia	Indonesia	6000	10,080	5,040	4.0%
7	6420389	PTT	PTT	Thailand	1	16,660	4,998	4.0%
8	6904612	5347	Tenaga Nasional	Malaysia	7000	9,334	4,667	3.7%
9	6811734	S55	Singapore Airlines	Singapore	5000	8,578	4,289	3.4%
10	B012899	T39	Singapore Press Holdings	Singapore	5000	4,183	4,183	3.3%
11	6490263	K02	Keppel Corp	Singapore	2000	5,384	4,038	3.2%
12	6558031	3816F	Malaysian Intl Shipping	Malaysia	2000	8,777	3,511	2.8%
13	6197928	C09	City Developments	Singapore	5000	4,425	3,319	2.7%
14	6290344	PTTEP	PTT Exploration & Production	Thailand	1	7,640	3,056	2.4%
15	6291712	ASII	Astra International	Indonesia	3000	3,960	2,970	2.4%
16	6808769	4197	Sime Darby	Malaysia	2000	3,832	2,874	2.3%
17	6868398	4863	Telekom Malaysia	Malaysia	6000	9,312	2,794	2.2%
18	6077019	BBLF	Bangkok Bank (F)	Thailand	8000	5,129	2,513	2.0%
19	6464514	1961	IOI	Malaysia	3000	3,347	2,510	2.0%
20	6309303	C31	Capitaland	Singapore	8000	4,571	2,285	1.8%
21	6043214	S63	Singapore Technologies Engineering	Singapore	2000	4,445	2,222	1.8%
22	6412568	ADVANC	Advanced Info Serv	Thailand	6000	7,177	2,153	1.7%
23	B01C1P6	BBCA	Bank Central Asia	Indonesia	8000	4,076	2,038	1.6%
24	6530523	5051	Maxis Communications	Malaysia	6000	6,240	1,872	1.5%
25	6366676	3182	Genting	Malaysia	5000	3,567	1,819	1.5%
26	6888794	KBANKF	Kasikornbank (F)	Thailand	8000	3,588	1,758	1.4%
27	6609906	SCCF	Siam Cement (F)	Thailand	2000	6,973	1,743	1.4%
28	6709099	BBRI	Bank Rakyat Indonesia	Indonesia	8000	2,941	1,471	1.2%
29	6752349	4162	British American Tobacco (Malaysia)	Malaysia	3000	2,895	1,448	1.2%
30	B08X163	U96	Sembcorp Industries Limited	Singapore	2000	2,854	1,427	1.1%
31	6698120	5076	Astro All Asia Networks	Malaysia	5000	2,791	1,395	1.1%
32	6075745	1023	Commerce Asset Holdings	Malaysia	8000	3,976	1,193	1.0%
33	6731962	4715	Resorts World	Malaysia	5000	2,981	1,193	1.0%
34	6628859	N03	Neptune Orient Lines	Singapore	2000	2,777	1,111	0.9%
35	B00FYK2	ISAT	Indosat	Indonesia	6000	2,695	1,078	0.9%
36	6685661	TEL	Phil Long Dist Tel	Philippines	6000	4,808	962	0.8%
37	6531775	5052	Plus Expressways	Malaysia	2000	4,242	848	0.7%
38	6687184	UNVR	Unilever Indonesia	Indonesia	3000	3,130	626	0.5%
39	B01GQS6	6742	YTL Power International	Malaysia	7000	2,749	550	0.4%
40	6651048	BMRI	Bank Mandiri	Indonesia	8000	2,660	532	0.4%

Source: FTSE Group

6. Using the FTSE/ASEAN Indices

The FTSE/ASEAN Indices data and licences can support you whatever your investment requirement is. The products can be used for analysis, benchmarking, trading and product creation.

6.1 Index Values

Real-time index values for the tradable FTSE ASEAN 40 Index and end of day values for the benchmark FTSE/ASEAN Index are available on the following codes:

Vendor codes

Index	FTSE	Reuters	Bloomberg	Thomson One	Global Topic
FTSE/ASEAN 40	ASEAN40	<.FTASEAN40>	=ASEAN40	ASEAN40 - LN	=ASEAN40.ft
FTSE/ASEAN	AWASEAN			AWASEAN - LN	=AWASEAN.ft

Source: FTSE

6.2 Exchange Traded Funds (ETF)

Exchange Traded Funds are expected to be available, subject to regulatory approval, in the near future.

6.3 Index Linked Funds and OTC Products

The FTSE/ASEAN 40 Index can be used to run a wide range of funds and structured products based on linked to the indices. These include tracker funds, warrants, certificates and futures & options. Announcements will be made as these products become available.

6.4 Data Products

For detailed analysis, end of day products are available for each of the indices.

- Index Valuation Service – Index level data on a daily basis
- Constituent Service – Constituents data on a daily or monthly basis
- Tracker Service – Highlights changes to the index and company constituents and weightings on a daily basis.

