



The Case for the SP Funds S&P  
Global REIT Sharia ETF

---

**SPRE**

## Key Takeaways

---

- Provides Sharia-compliant exposure to the diversified global REITs by utilizing capping on all equity global REITs and excluding the REITs in non-sharia compliant industries
- Provides access to the REITs with debt-to-equity ratios below 30%. Being lower levered may be better positioned to weather economic downturns. It also is positioned as a strong ESG product
- Offers the potential of competitive returns with a strong dividend distribution with a strong reward to risk ratio

The opportunities to invest in a Sharia-compliant way are increasing, supported by strong demand from Muslim and non-Muslim investors for its ethical foundation, sustainability, and social responsibility.

## Investing in Accordance with Sharia Law

---

Sharia investments are also known as Halal Investments. They encourage people to invest in a socially responsible way and structured to comply with Islamic religious law commonly known as Sharia and its investment principles.

To be Sharia compliant, companies and investments must pass several screens for permissible asset classes and business activities. Stocks and Islamic ETFs are eligible for Sharia compliance consideration but preferred shares and interest-paying securities are not. A business activities screen excludes companies that derive more than five percent of their total income from non-compliant income sources.

### **Non-Compliant Income Sources:**

- Alcohol
- Adult Entertainment
- Music, Cinema or Broadcasting
- Gambling
- Pork Products
- Credit Cards
- Weapons
- Highly-leveraged Businesses
- Tobacco
- Interest-Based Businesses

## Why Invest Sharia-Compliant ETFs?

---

Sharia-compliant ETFs offer benefits such as diversification, lower costs, transparency and trading flexibility.

They can also potentially avoid risky allocations to highly leveraged instruments. The benefits of this approach were revealed in the financial crisis of 2008-2009, and COVID 19 related market swoon in March 2020, when Sharia-compliant investors weathered the storm due to their lack of exposure to

conventional financial services and highly leveraged companies.<sup>1</sup> Because of this, it comes as no surprise that many non-Muslims find Sharia-compliant investing to be an ideal way to help hedge against leverage.

## SPRE

---

The SP Funds S&P Global REIT Sharia ETF seeks to track the performance, before fees and expenses, of the S&P Global All Equity Capped REIT Index, which was co-developed by S&P Dow Jones Indices LLC and SP Funds.

The Index includes all Sharia-compliant constituents of the all securities in REITs Industry from S&P Global BMI Shariah Index. Constituents of the Index have been screened for non-compliant business activities (companies that offer products and services that are not compliant with Sharia law such as gambling, alcohol or tobacco) and compliance with certain accounting-based financial ratios (companies must satisfy financial ratios governing leverage, cash, and the share of revenues derived from non-compliant activities).

At each monthly rebalancing, the weight of each of top constituents is capped at 12%, whereas no constituent may exceed 4.9%, weighted based on the float-adjusted market capitalization. As of December 31, 2019, the Index was composed of 34 constituents.

<sup>1</sup> <https://www.nytimes.com/2017/06/30/your-money/retirement-savings-the-muslim-way.html>. Past performance does not guarantee future results.

## About SP Funds

---

Among the first wealth managers to deliver Islamic financial solutions, SP Funds is dedicated to providing halal, Sharia-compliant, non-levered ETFs that can serve as versatile solutions for value-conscious investors across the globe. SP Funds ensures that investors can invest along with their conscience, while achieving potential diversification benefits.

**Shariah-Compliant Investment Solutions Provider:** Managing over US \$140,517,192.96 in Shariah-compliant assets, SP-Wealth manages all portfolios in accordance with the rules determined by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and under the guidance of their ethical advisor, Imam Omar Suleiman.

**Strength and Experience:** Over 15 years of navigating well through all market cycles. The portfolio team employs a highly disciplined investment philosophy and process designed to comprehensively measure and manage risk

**Values-Driven Culture:** Our values-driven culture guides how we work

For more information, go to [sp-funds.com](http://sp-funds.com).

***Gain value-conscious exposure to an S&P 500 ETF composed according to Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) guidelines.***

---

## IMPORTANT INFORMATION

**Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus. A prospectus may be obtained by visiting [sp-funds.com](http://sp-funds.com) or calling (425) 409-9500. Please read the prospectus carefully before you invest.**

As with all ETFs, Fund shares may be bought and sold in the secondary market at market prices. The market price normally should approximate the Fund's net asset value per share (NAV), but the market price sometimes may be higher or lower than the NAV. The Fund is new with a limited operating history.

Islamic religious law commonly known as Sharia has certain restrictions regarding finance and commercial activities permitted for Muslims, including interest restrictions and prohibited industries, which reduces the size of the overall universe in which the Fund can invest. The strategy to reduce the investable universe may limit investment opportunities and adversely affect the Fund's performance, especially in comparison to a more diversified fund.

Equity securities, such as common stocks, are subject to market, economic and business risks that may cause their prices to fluctuate.

Diversification does not ensure a profit or protect against loss in declining markets.

Forside Fund Services, LLC, Distributor



**SPUS** SP Funds S&P 500  
Sharia Industry Exclusions ETF

(425) 409-9500

[info@sp-funds.com](mailto:info@sp-funds.com)

[sp-funds.com](http://sp-funds.com)